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REPORT ON
OPERATIONS UNDER THE
BRETTON WOODS AGREEMENTS ACT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION ACT
DURING THE
CALENDAR YEAR 1966

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MINISTER OF FINANCE

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REPORT ON
OPERATIONS UNDER THE
BRETTON WOODS AGREEMENTS ACT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION ACT
DURING THE
CALENDAR YEAR 1966

International Monetary Fund
World Bank
International Development Association
International Finance Corporation

MITCHELL SHARP
MINISTER OF FINANCE

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Introductory Note

This report contains a summary of the operations, during the period January 1 - December 31, 1966, of the Bretton Woods' Institutions: The International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) or the "World Bank," as it is frequently called; the International Development Association (IDA) and the International Finance Corporation (IFC).

These Institutions are known as the Bretton Woods' Institutions because the first two, the IMF and the IBRD, were established at the Bretton Woods Conference in 1944. IDA and IFC were established under the sponsorship of the World Bank with which they remain closely affiliated; the three organizations are referred to as the "World Bank Group." The basic principles on which the operations of these Institutions are founded are set out in their respective Articles of Agreement. A brief description of each of these Institutions, other than the IDA, is contained in the report on operations during the fiscal year 1958-59. A description of IDA was contained in the 1960-61 report.

The IMF (the "Fund") and the IBRD (the "Bank") were established under the Bretton Woods Agreements of 1945. Canadian participation in these Agreements, and thereby in the Fund and the Bank, was authorized by the Bretton Woods Agreements Act, 1945 (9-10 George VI, Chapter 11), as amended. The International Finance Corporation was founded in 1956 as an affiliate of the Bank by means of separate Articles of Agreement, to which Canada is a party. The Agreement by which the International Development Association was established came into force in September 1960. Canadian participation in the Association was authorized by the International Development Association Act, 1960.

The Bretton Woods' Institutions are closely linked in membership and general fields of endeavour. Membership in the Fund is a prerequisite for membership in the Bank, membership in which is a prerequisite for membership in IDA and IFC. The same Governors, Alternate Governors, Executive Directors and Alternate Directors frequently serve the four organizations. There is continuous and close contact among the managements and staffs, facilitated by the establishment of the headquarters of all four organizations in the same group of buildings in Washington, D.C. As specialized agencies of the United Nations, the Fund and the Bank have relationship agreements with the U.N. and report annually to ECOSOC. The President of the Bank and the Managing Director of the Fund are members of the Inter-agency Consultative Board of the U.N. Development Programme and of the U.N. Administrative Committee on Coordination.

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The Honourable Mitchell Sharp, Minister of Finance, is Canadian Governor of the Fund and the Bank. Mr. Louis Rasminsky, Governor of the Bank of Canada, is Canadian Alternate Governor of the Fund, and Mr. A.B. Hockin, Assistant Deputy Minister of Finance, is Canadian Alternate Governor of the Bank. Mr. S.J. Handfield-Jones is Executive Director of the Fund and Mr. L.D. Hudon is Executive Director of the Bank. Mr. P.M. Reid is Alternate Executive Director for the Fund and the Bank. Canada represents Guyana, Ireland and Jamaica on the Executive Boards of the two Institutions.

In 1966, Guyana and Singapore joined the IMF and the IBRD. Nepal and Portugal also joined the IFC. At year end, total membership of the Fund and the Bank was 105 countries, of IDA 96 and IFC 82. The U.S.S.R. and the Eastern European countries, with the exception of Yugoslavia, are not members of the Bretton Woods' Institutions.

The IMF and IBRD use the U.S. dollar as their basic unit of account, and dollar figures throughout the report are therefore expressed in terms of U.S. dollars, unless otherwise indicated.

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INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) provides short-term financial assistance to member countries to help them deal with temporary balance of payments difficulties. This activity is closely linked with other efforts made by the Fund, chiefly through regular consultations with member countries and the provision of technical assistance, to bring about a more balanced international payments situation and the elimination of exchange restrictions. In general, the Fund works for freer and expanding world trade, thus helping to raise standards of living and to facilitate economic development. Members are requested to orient their fiscal and monetary policies, and their use of the Fund's resources, to these objectives.

The Fund makes its foreign exchange resources available under proper safeguards to its members to meet short-term payments difficulties. In a number of cases resources have been made available in connection with and to support major economic stabilization programmes, often in conjunction with financial assistance from other sources; furthermore, the Fund has provided compensatory financing to cover export shortfalls. Members may arrange to purchase or "draw" foreign exchange from the Fund in exchange for their own currencies in a single immediate drawing or they may obtain a stand-by arrangement assuring them of drawings of Fund resources up to a specified limit and within a specified period, if the need should arise.

Under the Articles of Agreement, members who make drawings must repurchase their own currency from the Fund (i.e. re-pay the amount drawn) with gold or convertible currencies. Fund policy requires repurchases to be made not later than 3 to 5 years after the date of drawing.

The resources of the Fund consist of members' quotas, which are paid in gold and members' currencies. Following recent quota increases under the Fourth Quinquennial Review, the Fund's holdings at the end of 1966 totalled over $21 billion. On December 31, 1966, the Fund's holdings of member currencies (including non-negotiable, non-interest-bearing notes) were equivalent to $17,626.9 million, while gold holdings amounted to the equivalent of $3,706.7 million. The Fund's holdings of currencies convertible under Article VIII of the Fund Agreement, at December 31, 1966, amounted to the equivalent of $11,996.2 million, of which $4,834.3 million was in U.S. dollars. On that date the second largest holding of a convertible currency was in pounds sterling and was equivalent to $4,304.9 million. The Fund's holdings of Canadian dollars at the end of December 1966 amounted to 46 per cent of Canada's quota of $740 million.

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Following the Fourth Quinquennial Review, Canada's quota was increased to $740 million from its previous level of $550 million; the new quota came into effect on May 31, 1966.

The Fund is able to supplement its resources by borrowing up to $6 billion in the currencies of ten industrialized members under the General Arrangements to Borrow (GAB) which first went into effect on October 24, 1962 and was renewed for another four years in 1965. Canada's commitment under the GAB amounts to $200 million. No borrowings under the GAB were undertaken during 1966. As of December 31, 1966, the total amount borrowed under the GAB stood at $930 million, including $50 million from Canada.

In August 1966, the Fund borrowed the equivalent of $250 million in lire from the Government of Italy and sold the same amount of lire to the Government of the United States in exchange for U.S. dollars. The Fund's arrangement with Italy marks its first borrowing outside the $6 billion General Arrangements to Borrow and the financial terms agreed between the Fund and the Italian Government are similar to those applied under the General Arrangements to Borrow.

From the beginning of the Fund's operations to December 31, 1966, 63 members have made foreign exchange drawings equivalent to $12,910.6 million. In 1966, 34 countries obtained financial assistance from the Fund in an amount equivalent to $1,448.2 million, compared to drawings of $2,433.5 million during the previous year. The equivalent of $260.81 million was purchased by 20 members in accordance with existing stand-by arrangements; $239.75 million was drawn in connection with quota increases under the First Resolution of the Board of Governors on Increases in Quotas of Members - Fourth Quinquennial Review; other drawings totalled $947.66 million. (A detailed outline of drawings, or purchases of currencies from the Fund, during 1966 is contained in Tables I-A and I-B of Appendix A).

Drawings during 1966 were partially offset by repurchases by 25 countries of the equivalent of $478 million (Table II of Appendix A). From the beginning of the Fund's operations to December 31, 1966, total repurchases amounted to the equivalent of $6,514.5 million.

After drawing the equivalent of $300 million in 1962, Canada discharged its payments obligations to the Fund by the end of 1964. In 1966 net drawings by other member countries of Canadian dollars increased Canada's net creditor position in the Fund from the equivalent of $216 million at the end of 1965 to $263 million on December 31, 1966.

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During 1966, the Fund entered into new stand-by arrangements with 26 countries in the total amount equivalent to $575.5 million. The Fund's stand-by facility is an arrangement that assures a member of its right to draw a stated amount of foreign exchange, under certain conditions, over a period as long as twelve months. The Fund has granted stand-by arrangements in order to sustain confidence in currencies, to provide additional resources during seasonal difficulties, to support programmes intended to stabilize economies, to provide backing for monetary reforms, and for other purposes. They are sometimes requested as a precautionary measure with little expectation that drawings will be made, and in numerous cases have expired unused. But they enable governmental authorities to administer import policies in the knowledge that a secondary line of reserves is available if needed. The Fund's stand-by support may also facilitate the negotiation of other external credit for the country's public and private sector. The amount not drawn but available under stand-by arrangements on December 31, 1966, totalled $364.75 million (Table III of Appendix A).

In September 1966, Executive Directors revised the compensatory financing facilities of the Fund, initiated in 1963, in order to more readily assist member countries, particularly exporters of primary goods, encountering balance of payments difficulties produced by a temporary shortfall in export receipts arising from circumstances beyond the control of the member. By the end of the year, drawings under the new scheme had been approved for two members. (Some of the principal features of the new scheme are outlined in Appendix A).

During 1966, members of the Fund staff visited 88 countries for purposes of consultations, negotiations of stand-by arrangements, technical assistance, and also for the informal exchange of views and information. The periods of assignment range from a few days to more than a year. In 18 of these countries, staff members were made available on long-term assignments.

The most recent consultation discussions between the Fund staff and Canadian representatives were held in Ottawa in February of 1966. These discussions were followed by consideration of the staff's report by the Fund's Executive Board in April 1966.

The Twenty-First Annual Meeting of the Board of Governors of the Fund was held in Washington D.C. from September 26 to September 30, 1966. The principal topic of the Meeting, as in 1964 and 1965, was international liquidity. The Managing Director, Mr. Pierre-Paul Schweitzer, made it clear that he considered it important that concrete arrangements for a deliberate creation of additional reserves be agreed among member countries without undue delay, not because he believed that the international monetary system was in imminent danger

without injections of additional liquidity, but because of his belief that world confidence in this system would be greatly strengthened once it becomes established that members of the Fund have agreed on a system of deliberate reserve creation intended to insure that reserves increase by such amounts as are judged necessary for the full, free, and non-inflationary growth of the world economy.

On that occasion, the Honourable Mitchell Sharp, Minister of Finance, agreed with the Managing Director and stated that Canada was prepared to join in a determined and cooperative approach to this problem. He welcomed the proposals for informal meetings between the Fund's Executive Directors and the Deputies of the Group of Ten. The first of these joint meetings was subsequently held in Washington in November 1966.

Appendix A provides a more comprehensive outline of activities of the International Monetary Fund during the calendar year 1966.

...

THE WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION

In the World Bank Group, the International Bank for Reconstruction and Development (IBRD) operates primarily by making loans, in cases where private capital is not available on reasonable terms, to finance productive investments in its member countries. It also provides a wide variety of technical assistance, ranging from full-scale economic surveys of the development potential of member countries to regional investigations and advice on particular projects.

The International Development Association (IDA) promotes economic development by providing financial assistance to member countries on terms which are more flexible and bear less heavily on their balance of payments than do conventional loans to which the Bank is limited. While the terms of IDA lending are more lenient than those of the Bank, IDA uses the same high standards of project planning and execution when considering a credit operation. Its resources are primarily provided by contributions from the more highly industrialized countries. By making funds available on more lenient terms (50-year maturities and interest-free), IDA permits the World Bank Group to make a greater contribution to meeting the requirements of a growing number of less-developed countries, whose need for, and ability to make use of, outside capital is greater than their ability to service conventional loans. Associated with the IDA lending is the broad range of technical services which the World Bank Group has at its disposal.

The International Finance Corporation (IFC) is an investment Institution designed to supplement the work of the World Bank by helping to promote the growth of the private sector of the economies of member countries.

In 1966 loans, credits and investments by the Bank Group totalled more than $1.4 billion, a new record. IBRD lending during the year totalled $900.8 million, compared with the 1965 volume of $1,167 million. IDA reported credits of nearly $478 million, a new peak, compared with $196 million the previous year. In 1966, IFC more than doubled its 1965 volume, reporting new investment commitments totalling some $54 million, compared with $22 million the previous year.

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In many of the World Bank Group's activities during the year there was a trend toward the closer coordination of financial and technical assistance from various sources. The Bank organized meetings of governments in coordinating aid to certain less-developed countries. The Bank and IDA participated with interested governments in the joint financing of aid and administration to individual development projects. The Bank and its sister organization, the IMF, adopted a number of practices to expand still further their cooperation in obtaining, exchanging, and evaluating economic information and advising their member countries on matters of policy.

The lending operations of the Bank and IDA continue to have the benefit of technical support from the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Bank studied a number of key development issues at the request of, or in cooperation with, other international organizations.

The last Annual Report of the IBRD and IDA, which was presented to the Annual Meeting of the Board of Governors in September 1966, noted that in 1965 and early 1966, production and income in the developing countries continued to grow, but at a somewhat slower rate than in the previous two years. The flow of financial resources to the developing countries increased slightly, but so did their outgoing payments for servicing debt and investments and for sustaining needed imports of food. In addition, the growth of their export earnings, especially from agricultural commodities, decelerated in 1965. In many countries the rapid growth of population continued to be a dominant problem.

The urgent need for additional aid funds, particularly with regard to the International Development Association's concessionary or soft-term loan operations, was stressed by the President of the World Bank and of IDA in his December address to the Economic and Social Council of the United Nations.

At the 1966 Annual Meeting of the Bank Group, the Honourable Mitchell Sharp, Canadian Minister of Finance stated:

> "The evidence placed before us at this Meeting makes it clear that in the management of our affairs we (the industrialized countries) have not in fact made adequate provision for aid. The per capita income of developing countries has been rising at a depressingly slow rate, although the ability of many of these countries to formulate and make more effective use of the resources at their disposal and execute sound development plans

...

and projects has improved significantly.... Net official flows have been static for five years at approximately $6 billion. More aid on easier terms is required if the gap between the potential and the actual growth of the developing countries is to be narrowed.

This conclusion has not been challenged in any international forum. It has led us in Canada to under-take a far-reaching review of our aid policies, and as a result we are progressively expanding our aid programme and improving its terms.

In summary, the World Bank Group is itself an effective channel of aid to developing countries, it acts as an advisor to both developed and developing countries on development and aid questions, and it acts as a coordinator of aid through its sponsorship of Consultative Groups. We all benefit from the way it performs these functions. If the World Bank Group is to discharge the responsibilities placed on it, it needs more financial resources."

There follows separate descriptions of the main activities of the IBRD, IDA and the IFC during 1966. More detailed information is provided in Appendix B.

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Bank grants loans at conventional rates of interest for periods of up to 35 years. It obtains its funds for lending operations from: (a) the capital subscriptions of its members, on which it pays no interest; (b) the sale of its own bonds and notes; (c) the sale of a portion of its loan portfolio; and (d) its net income.

The Bank's authorized capital is $24,000 million, of which $22,600 million had been subscribed by December 31, 1966. Only 10 per cent of subscriptions is paid in; the remaining 90 per cent is subject to call should the Bank ever need additional funds to meet its obligations and is in the nature of a guarantee against which the Bank is able to borrow funds.

On September 19, 1966, Canada increased its subscription to the capital stock of the Bank from $750 million to $792 million; the paid-in portion totalled $79.2 million. During its 22-year association with the World Bank, Canada has played an important role as a source of both capital for the Bank's lending and of equipment and services for Bank-financed projects in member countries. Canada's role as a source of capital was particularly significant, since it was one of the first member countries which permitted the Bank to use for lending purposes part of the capital paid in.

As in the previous year, 1966 was marked by an intensive marketing campaign that included public offerings totalling $212 million and private placements totalling $264 million. (A detailed summary will be found in Table I of Appendix B). Two public offerings were made in Canada: one issue of Canadian $20 million of 5-3/4 per cent 25-year Canadian dollar bonds in February, and a similar issue of 6-1/4 per cent bonds offered in November. Sales of borrowers' obligations in various international capital markets in 1966 are estimated at $50 million, compared with $96 million in 1965, bringing the aggregate of such sales up to about $1,990 million.

Net income of the Bank for calendar year 1966 is estimated at $155 million, compared with $142 million in 1965. Reserves on December 31, 1966 totalled $1,022 million, compared with $957 million a year earlier.

Estimated loan disbursements in 1966 totalled over $750 million, up about $150 million over the 1965 total. Aggregate disbursements from 1946 to December 31, 1966, should amount to the equivalent of some $7,600 million. Loan repayments in 1966 are estimated at $345 million, with $170 million being repaid to the Bank and $175 million to investors who had purchased borrowers' obligations from it. Accumulated repayments as of December 31, 1966, are estimated at $2,043 million.

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In 1966 the Bank made 39 loans in 27 countries and to the International Finance Corporation totalling $900.8 million. The following Table summarizes lending in calendar years 1966 and 1965 by areas and amounts.

Area	1966 No. Loans	1966 Amount	1966 %	1965 No. Loans	1965 Amount	1965 %
Africa	5	$ 61.7	6.8	7	$ 116.8	10.0
Asia and Middle East	10	307.0	34.2	16	442.3	37.9
Australasia	-	-	-	2	62.5	5.3
Europe	5	78.0	8.6	4	169.0	14.5
Western Hemisphere	18	354.1	39.3	15	376.6	32.3
Sub-Total	38	$800.8	88.9	44	$1,167.2	100.0
International Finance Corporation	1	100.0	11.1	-	-	-
	39	$900.8	100.0	44	$1,167.2	100.0

The year's lending brought the aggregate of loans by the Bank, since the start of operations in 1946, to more than $10,400 million.

The purposes of World Bank lending in calendar year 1966 were as follows:

Purpose	Amount 1966	1966 %	Amount 1965	1965 %
Transportation	$227.5	25.3	$ 423.7	36.3
Electric Power	361.6	40.0	344.4	29.5
Industry	137.5	15.3	224.0	19.2
Telecommunications	-	-	41.8	3.6
Agriculture	35.7	4.0	123.7	10.6
Water Supply	21.3	2.4	6.8	0.6
Education	15.5	1.7	2.8	0.2
Project Preparation	1.7	0.2	-	-
Sub-Total	$800.8	88.9	$1,167.2	100.0
International Finance Corporation	100.0	11.1	-	-
	$900.8	100.0	$1,167.2	100.0

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A detailed summary of, and comments on, Bank lending during 1966 will be found in Appendix B.

As in the past, financing of transportation and power accounted for the major part of the Bank Group lending. In March 1966, the Bank made its first loan for an engineering study, lending $1.7 million to Guinea, to help finance field surveys and detailed engineering of a railroad, port and town to be built in connection with development of the country's bauxite deposits. During 1966 the Bank undertook project and sector studies in Afghanistan (highway maintenance), Brazil (expansion of the steel industry), Congo (road engineering), Liberia (feasibility of an oil palm project), Nicaragua (expansion of the Port of Corinto). Studies completed in 1966 include a road project in Cameroon, a transport survey in Korea, and a review of the Gezira Irrigation Scheme in the Sudan.

In October 1966, the Bank approved a loan of $100 million to IFC, under new authorities accorded these Institutions under their charters. 1/ From fiscal 1965-66 earnings the Bank granted $75 million to IDA, bringing the total of such grants up to $200 million.

Reflecting the general rise in interest rates and consequent increases in costs of borrowed funds to the Bank, the standard rate on loans to developing countries was increased from 5-1/2 per cent to 6 per cent. Rates to "market eligible" countries - those able to borrow the larger part of funds for development in the market - were raised to 6-1/4 per cent, 6-5/8 per cent and 7 per cent, depending on maturity. Japan was the only "market eligible" borrower in 1966.

Progress continued during the year on international agreements intended to encourage the international flow of private capital by improving the climate of private investment. One such agreement is represented by the Convention on the Settlement of Investment Disputes, which was formulated by the Bank's Executive Directors and forwarded to member governments in March 1965. The Convention provides for the establishment, under the Bank's auspices, of an "International Centre for Settlement of Investment Disputes;" it will be governed by an "Administrative Council" consisting of one representative of each State party to the Convention. The Convention came into force on October 14, 1966, 30 days after ratification by 20 countries. By December 31st, 24 countries had ratified, and 25 others had signed the agreement.

1/ None of the proceeds had been drawn down as of December 31, 1966.

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In 1966, the Bank organized Consultative Groups of countries and international agencies to coordinate financial and technical assistance to Korea and Peru. This brings to ten the number of such groups sponsored by the Bank, the others being related to Colombia, Malaysia, Nigeria, Sudan, Thailand and Tunisia and the Consortia on Aid to India and Pakistan. Canada is a member of the Consortia on India and Pakistan, the Consultative Groups on Colombia, Korea, Malaysia, Nigeria, Peru, Thailand and Tunisia, and has attended aid meetings on Ceylon.

In 1966, the Bank agreed to serve as Executing Agent for UNDP studies in Bolivia (transport survey); Gabon (railway engineering); Brazil (power development); and Sierra Leone (transport survey). UNDP studies completed in 1966 included a survey of hydroelectric resources in the State of Minas Gerais in Brazil, and a port siltation project in Bangkok, Thailand.

The Bank also agreed to act as administrator of a $23 million fund for construction of a hydroelectric project in Laos on a Mekong River tributary (Nam Ngum Development Fund). Canada, Australia, Denmark, Japan, the Netherlands, New Zealand and the United States are contributors. The World Bank is not providing any financing for the project.

Guyana and Singapore became members of the Bank in 1966, subscribing $16 million and $32 million, respectively, to the Bank's capital.

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INTERNATIONAL DEVELOPMENT ASSOCIATION

IDA credits are interest-free and repayable over 50 years; no principal repayments are made for the first ten years. These credits, therefore, do not add significantly to the growing debt-servicing burdens of developing countries.

IDA's usable resources come mainly from subscriptions and contributions from the 17 developed (Part I) member countries who, since IDA began operations over six years ago, have committed $1,552.2 million. The addition of $200 million from World Bank grants and $12 million in IDA earnings brings the aggregate of freely convertible funds which have been made available to IDA to $1,764.2 million. Principal additions to resources in 1966 were a fifth special contribution of $5 million equivalent by Sweden, a third grant from the World Bank of $75 million and $4 million derived from income.

During 1966 IDA reported credits of nearly $478 million, a new record. As in previous years the bulk of IDA credits went to India and Pakistan, the area of greatest need, which received between them nine credits totalling over $389 million, or about 81 per cent of all commitments made during the year. Two credits totalling $215 million are assisting existing industry in India by financing of imports of essential equipment and two credits to Pakistan totalling $50 million are for similar purposes in that country. In India four IDA credits are supplying $405 million to meet the cost of imports of industrial equipment. 1/ (A more comprehensive outline of IDA credits during 1966 is contained in Appendix B and Table III).

As of December 31, 1966, total resources available to IDA amounted to $1,764.2 million. Of this total, IDA had formally committed $1,649.5 million in development credits in 36 member countries.

1/ Ten credits totalling about $66 million were made available in Africa. A $15 million credit was given to Turkey, and a $7.5 million credit to Paraguay.

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IDA's Usable Resources, December 31, 1966
($ million)

Initial Subscriptions of all Members	$ 784.4
Five Supplemental Special Contributions from Sweden	23.1
Supplemental Contributions by all Part I Members	744.7
Total from Members	$1,552.2
World Bank Grants	200.0
Earnings of IDA	12.0
Total Resources Available	$1,764.2
Less: Credits Extended (to 36 countries)	1,649.5
Available for New Credits	$ 114.7

The urgent need for additional funds to permit IDA to continue making additional commitments and to be an effective multilateral source of funds to the developing countries is obvious. On December 22, 1966, the President of the World Bank and of IDA, Mr. George D. Woods, stressed this point before the Economic and Social Council of the United Nations, when he said: "So far as resources for the International Development Association's concessionary or soft-term loan operations are concerned, the situation is now extremely critical." Mr. Woods remarked that discussions concerning IDA replenishment have been going on with the 18 donor governments since July 1966; and added that, "although a number of these governments have expressed a willingness to provide support for new IDA commitments on a sharply expanded scale, the overall pace of the discussions has been and continues to be discouragingly slow."

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INTERNATIONAL FINANCE CORPORATION

IFC provides equity and loan capital for private projects in its developing member countries without government guarantee. It derives its resources from the paid-in capital subscriptions of its member countries, from its net earnings and, recently, from funds lent to it by the World Bank.

IFC's subscribed capital was $99.84 million at the end of 1966; authorized capital is $110 million. 1/ Net income of IFC in 1966, after operating expenses, rose to an estimated $5.85 million from $3.48 million in 1965. These earnings, as previously, were credited to a reserve against losses. Including a $100 million loan from the World Bank, total resources available to the Corporation rose to approximately $300 million against $181.8 million at the end of 1965, while uncommitted funds as of December 31, 1966, were $106.5 million compared with $43.4 million a year earlier.

Commitments made by the IFC in the calendar year 1966 were easily a record, amounting to approximately $54.5 million compared with $22.3 million in 1965. At December 31, 1966, the cumulative total of commitments entered into by IFC was approximately $203 million. Transactions in 1966 numbered 19 and were made in 15 countries. IFC made its first investments in Senegal and Kenya during the past year, bringing to 36 the number of countries in which the Corporation has made commitments. The following Table summarizes IFC investments, by geographical area, in 1965 and 1966:

($ millions)

Area	1965		1966	
	No. of Investments	Amount	No. of Investments	Amount
Africa	4	5.87	4	8.62
Asia and Middle East	3	5.23	3	14.70
Europe	2	1.52	4	5.04
Western Hemisphere	6	9.71	8	26.12
Total	15	22.33	19	54.48

1/ Nepal, with a paid-in subscription of $55,000, became a member of IFC in January and Portugal, with a paid-in subscription of $443,000, joined the Corporation in July.

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The chief characteristics of IFC's operations in 1966 were the increasing diversity of enterprises it assisted, with investments for the first time in the fields of power utilities (Philippines) and tourism (Kenya). IFC also continued to finance projects directly related to agriculture. The growing need for additional fertilizer production in the developing countries was indicated by two IFC commitments to help finance new fertilizer plants; more IFC financing was provided for fertilizers than for any other industry in 1966. Other industries represented in the Corporation's investment operations during the past year included iron and steel; pulp and paper; cement; synthetic fibers; chemicals; automotive electrical equipment; construction equipment; and food products. A comprehensive outline of IFC investment during 1966 will be found in Appendix B.

A major step in the evolution of IFC was taken in October 1966 with the approval of a $100 million loan to the Corporation from the World Bank. The Bank loan to IFC follows the completion of amendments to the charters of the Bank and IFC, under which IFC is now permitted to borrow up to approximately $400 million from the Bank for use in the lending part of its investment operations. Initially, IFC will use the Bank funds to reimburse itself for loans already made and outstanding. In turn, this will make it possible for the Corporation eventually to free its entire share capital and reserve, amounting to $131.6 million, for equity investment.

With Bank funds available, IFC is now in a position to undertake larger individual commitments than in the past. Two transactions undertaken by IFC in recent months were substantially larger than any of the commitments previously made by IFC. One of these transactions involved $12 million in equity and loan financing of a private power utility in the Philippines; the other was a $10.7 million commitment, also in the form of equity and loan, to a new fertilizer company being established in Brazil. IFC's previous largest single commitments were of the order of $6 million.

Without establishing a formal limit, IFC is now able to consider individual commitments of up to $20 million. This will widen the range of investments open to the Corporation, enabling it, for instance, to take part in financing large projects in capital-intensive industries like fertilizers, petrochemicals and basic iron and steel. The pattern of IFC financing, however, is not likely to change. The Corporation will continue to make investments on a mixed equity and loan basis, looking to other investors to put up the bulk of the funds required for any given project.

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IFC was again active in 1966 as the main link between the World Bank Group and private enterprises. IFC's responsibilities included the appraisal of investment proposals submitted to the Group by industrial and mining enterprises as well as development finance companies. The Corporation took the lead for the Group in discussions with private investors and governments concerning the financing of fertilizer production in the developing countries as part of a coordinated effort by the Group to raise world food production. IFC also joined with the World Bank and the Government of Brazil in organizing a study to develop a comprehensive expansion programme for the Brazilian steel industry.

During 1966, the Corporation sold or agreed to sell $4.9 million of loan and equity commitments, bringing to $36.8 million the cumulative total of IFC commitments taken over by other investors as of December 31, 1966. In addition other investors acquired $4.3 million of securities covered by IFC stand-by and underwriting commitments, raising the cumulative total in this respect to $17.9 million. Private institutional investors in several countries, including the United States, United Kingdom, Germany, Sweden, Belgium, Switzerland and Kuwait pruchased portions of IFC investments, either at the time of the initial commitment or subsequently from the Corporation's portfolio. The securities sold by IFC covered investments in Brazil, Chile, Finland, Greece, Liberia, Malaysia, Mexico, Morocco, Philippines and Tunisia.

APPENDIX A

International Monetary Fund

Fund Transactions in 1966

A detailed summary of purchases during 1966, totalling $1,448.23 million, is given in Table I-A. Of the total purchases made in 1966, $158.8 million were in U.S. dollars, compared with $282.3 million in 1965, the equivalent of $10 million in Australian dollars, $5 million in Austrian schillings, $38.2 million in Belgian francs, $459.8 million in Canadian dollars, $239.5 million in deutsche mark, $77 million in French francs, $311.8 million in Italian lire, $17.5 million in Japenese yen, $9 million in Mexican pesos, $29.3 million in Netherlands guilders, $5 million each in Norwegian kroner and Swedish kronor and $82.4 million in pounds sterling. One additional currency, Norwegian Kroner was drawn for the first time. (A detailed statistical summary is provided in Table I-B).

Any drawing or stand-by arrangement exceeding 25 per cent of a member's quota within any 12-month period (except to the extent that the Fund holds less of the member's currency than 75 per cent of its quota), and any drawing or stand-by arrangement which would increase the Fund's holdings of that currency to more than 200 per cent of the quota, require - under Article V, Section 4, of the Articles of Agreement - the grant of a waiver in favour of the member. Waivers under Article V of the Fund Agreement were granted in connection with all of the stand-by arrangements made in the period under review (except in the case of Turkey). Waivers were also granted in cases of drawings in connection with Quota Increases under the First Resolution by Ceylon, Costa Rica, Ecuador, Liberia, Mali, New Zealand, Pakistan, Somalia, Sudan, Tunisia and the United Kingdom and in the cases of other drawings by Ghana, India, Ireland, Liberia and Tunisia.

The schedule of Fund charges on purchases of exchange, which was revised as of May 1, 1963, was extended for one year by the Executive Board (Table IV).

General Arrangements to Borrow

The Fund's General Arrangements to Borrow enables the Fund to supplement its resources by borrowing up to $6 billion in the currencies of the ten industrialized members (Belgium, Canada, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom and the United States).

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These arrangements first went into effect on October 24, 1962, for a four year term and in 1965 were renewed for another four year period. These arrangements will be reviewed in the light of further experience prior to October 1968.

General Arrangements to Borrow
as at December 31, 1966
(In millions of U.S. dollars)

Participant	Maximum Amounts of Credit Arrangements	Amounts Borrowed	Balance Available Under Credit Arrangements
Belgium	$ 150	$ 67.5	$ 82.5
Canada	200	50.0	150.0
Deutsche Bundesbank	1,000	347.5	652.5
France	550	240.0	310.0
Italy	550	70.0	480.0
Japan	250	45.0	205.0
Netherlands	200	77.5	122.5
Sveriges Riksbank	100	32.5	67.5
United Kingdom	1,000	-	1,000.0
United States	2,000	-	2,000.0
	$6,000	$930.0	$5,070.0

1966 Annual Meeting

The Twenty-First Annual Meeting of the Board of Governors was held in Washington D.C. from September 26 through 30, 1966, under the chairmanship of the Governor for Iran, Jamshid Amouzegar.

International liquidity was the principal topic of the discussion, as it had been in 1964 and 1965. The exchange of views was based in large part on a chapter in the Fund's 1966 Annual Report and took into account the Communiqué of Ministers and Governors and the Report of Deputies of the Group of Ten countries participating in the General Arrangements to Borrow, which had been issued in July 1966, and a Report by Working Party No. 3 of the Economic Policy Committee of the Organization for Economic Cooperation and Development, entitled "The Balance of Payments Adjustment Process," issued in August.

The Managing Director, in his annual address presenting the Fund's Annual Report, referred to his suggestion at the previous Annual Meeting that it would be very useful if the efforts of the Fund and the Deputies of the Group of Ten could be directed toward a common view on desirable lines of action

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in the field of reserve creation and said that, in his view, these efforts might now be helped by informal meetings between the Fund's Executive Directors and the Deputies. Practical arrangements for that purpose were already under discussion, he reported, and a proposal for such meetings would be submitted to the Executive Directors for their approval in the near future.

During the period of the Meeting, the Ministers and Central Bank Governors of the Group of Ten countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States) met in Washington, together with the Managing Director of the International Monetary Fund, the Secretary-General of the OECD, the General Manager of the Bank for International Settlements, and an observer from the Swiss National Bank. The Ministers and Governors recommended that there be a series of joint meetings in which their Deputies would take part together with the Executive Directors of the Fund in order to have a wider framework in which to consider the questions that affect the world economy as a whole. As a result of the Managing Director's proposal and that of the Group of Ten, the first of a series of joint meetings of the Fund's Executive Directors and Deputies of the Group of Ten was held in Washington in November 1966.

In addition to international liquidity, subjects discussed by the Governors included, inter alia, interest rates, terms of trade for commodities, the debt burdens of developing countries, and the Fund's new facility for compensatory financing of export fluctuations, discussed below. The Eleventh Regular Election of Executive Directors was held during the Annual Meeting to choose the 15 Directors to represent, during the next biennium, members not entitled to appoint an Executive Director. The Total number of Executive Directors remains at 20.

At the closing session, the Governor for Norway was elected Chairman for the following year and the Governors for Malaysia and Sierra Leone were elected Vice-Chairmen. The Twenty-Second Annual Meeting of the Board of Governors will be convened in Rio de Janeiro, Brazil, on September 25, 1967.

Compensatory Financing of Export Fluctuations

In response to a Resolution of the UNCTAD in 1964, and to the suggestions made by a number of Fund Governors at their 1965 Annual Meeting, the Fund reviewed its compensatory financing facility, which had been initiated in 1963 to provide for special drawings for compensatory financing of members experiencing payments difficulties produced by a temporary shortfall in export receipts. The Executive Directors, in September 1966,

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agreed on an important extension of this facility, which was announced by the Managing Director at the 1966 Annual Meeting of the Board of Governors.

Some of the principal features of the new scheme and the increased facilities now available to member countries are:

(1) The maximum limit on outstanding drawings under the compensatory financing decision has been increased from 25 per cent under the 1963 decision to 50 per cent of quota; the amount of such drawings outstanding may not ordinarily increase by a net amount of more than 25 per cent of quota during any twelve-month period.

(2) Drawings under the new scheme will be outside the Fund's tranche policies and therefore will not affect the member's ability to draw under those policies. In colloquial terms, the facility may be described as "floating."

(3) Provision has been made to enable members to take full advantage of the "floating" character of compensatory drawings. Members which have made drawings under the regular tranche policies may within six months "reclassify" them as compensatory drawings, if newly available information indicates that they were eligible at the time of drawing to make use of this facility.

Countries making compensatory drawings will repurchase in accordance with the Fund's established policies which, in general, call for repurchase of their currency from the Fund within 3 to 5 years. At the same time, the Fund recommends that in these cases countries apply to repurchases approximately one half of the amounts by which their exports exceed their calculated trend value in any year.

Exchange Restrictions and Related Matters

The Seventeenth Annual Report on Exchange Restrictions published in August 1966 reviewed developments in exchange restrictions and related fields and presented individual "country surveys" for the Fund's members and some other countries. The report noted that the year 1965 and the early months of 1966 did not show a clear pattern of developments in the use of exchange and other restrictions for the Fund's membership as a whole. It was to be expected that, after extensive relaxations in the 1950's, the removal of remaining restrictions would be more and more difficult and further progress slower. Much of what

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liberalization did take place in 1965-66 was in the industrially more advanced countries; but even here there were exceptions, especially if the varied measures taken to influence capital movements are included. While some developing countries were able to liberalize, intensification of restrictions was more frequent as demands for exchange tended to outstrip the supply. Developments in individual countries reflected domestic policies, but also the way in which their economies were affected by international economic developments.

The period since the preparation of the report again did not show a clear pattern of developments in the use of exchange and other restrictions by the Fund's membership as a whole. The deficit in the balance of payments of the United States has persisted while that in the balance of payments of the United Kingdom has declined significantly. The decline in the price of certain primary products has continued and has given rise to intensification of balance of payments difficulties often accompanied by conditions of excessive domestic demand. Generally, countries which have assumed the obligations of Article VIII of the Fund Agreement have reduced the use of restrictions further. However, this trend is not without exceptions. The developments in other Fund members have varied mainly in line with the balance of payments position of the individual country. India undertook a major reform involving devaluation and significant steps towards the liberalization of import controls.

Consultations in 1966

Member countries which avail themselves of the transitional arrangements in Article XIV, Section 2, of the Fund Agreement are required to consult with the Fund annually on the retention of exchange restrictions. The 15th series of such consultations began in April 1966. As in earlier years these consultations provided valuable opportunities for collaboration between the Fund and its members. In addition to reviewing the economic and financial problems which have given rise to restrictive and discriminatory practices, some of the consultations have covered the initiation or renewal of stand-by arrangements with the Fund, the simplification of exchange systems and other matters of mutual interest to the member and the Fund. Discussions have also been held with a number of members of the Fund which have accepted the obligations of Article VIII, Section 2, 3, and 4, of the Fund Agreement. These discussions have not only enabled the Fund to maintain close contact with all its members but also have allowed a regular exchange of views on monetary and financial developments, thus providing the machinery for cooperation on international monetary problems. All of these consultations involved discussions in the member countries concerned. Consultation discussions between the Fund staff and Canadian representatives were held in Ottawa in February 1966.

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These discussions were followed by consideration of the staff's report by the Fund's Executive Board in April 1966.

Quotas

On February 26, 1965, the Executive Directors issued a Report for submission to the Board of Governors entitled "Increase in Quotas of Members - Fourth Quinquennial Review," pursuant to the Governors' resolution on the adjustment of quotas adopted at the Nineteenth Annual Meeting. The report included two Resolutions: the First, proposing a general increase of 25 per cent, appropriately rounded, in all quotas, and the Second, proposing special increases for 16 members, including Canada, which would be able to increase its quota from $550 million to $740 million. These Resolutions were adopted by the Governors, effective March 31, 1965.

With effect from February 23, 1966 the Fund determined that members having not less than two-thirds of the total quotas in effect on February 25, 1965 had consented to increases in their quotas in accordance with the Executive Directors' report of February 26, 1965 entitled "Increases in Quotas of Members - Fourth Quinquennial Review." The increases in quotas of those members that had consented and paid their additional quotas on or before February 23, 1966 became effective on that date. The increases in quotas of members that consented since that date became effective upon payment by the member concerned of 25 per cent of the increase in gold and the remainder in the member's own currency. The Executive Directos extended the period for consent by members under these resolutions to October 31, 1967.

By December 31, 1966, 90 members had increased their quotas under these resolutions. Among these, 19 elected to have increases in five annual installments. A list of changes in Fund quotas during the year including increases for certain members under the Compensatory Financing Decision is given in Table V.

The Executive Directors decided on March 9, 1966 that the Fourth Quinquennial Review of Quotas, undertaken in 1964 as required by Article III, Section 2, of the Fund Agreement, had been concluded.

The Executive Directors' report of February 26, 1965 provided that a member consenting to a quota increase under the First Resolution might request a drawing for an amount not exceeding 25 per cent of the increase in its quota. For drawings within the gold tranche, the established gold tranche policy and procedure would be applied. For drawings beyond the gold tranche, this facility would be available where the member represented that it would encounter undue payments difficulties by the payment of its gold subscription. This representation

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must be made within six months after the date of the member's consent to the increase in its quota, or after February 23, 1966, whichever is the later. By December 31, 1966, 22 members had availed themselves of this facility; total drawings amounted to $239.75 million.

The report also described two arrangements adopted by the Fund to mitigate the secondary impact of the additional gold subscriptions, i.e., the gold purchases which might be made by members in connection with their subscriptions from those members whose currencies are used as reserve currencies. Under the first arrangement the Fund may suggest that certain drawings up to the equivalent of $150 million be made in currencies which the Fund would then replenish by the sale of gold under Article VIII, Section 2 (ii), of the Fund Agreement up to the amount of the drawings. In accordance with this arrangement, the Fund has sold gold totalling the equivalent of $147 million to Germany for replenishment of the Fund's holdings of deutsche mark by an equivalent amount in connection with the purchases of deutsche mark equivalent to $122.5 million by the United Kingdom, $9.5 million by Pakistan, $7.5 million by the United Arab Republic, and $7.5 million by Yugoslavia; and it has sold gold equivalent to $937,500 to Belgium for replenishment of the Fund's holdings of Belgian francs by an equivalent amount in connection with the purchase of Belgian francs equivalent to $937,500 by Burundi.

The other arrangement was adopted to provide a further alleviation of the impact of gold purchases made from the reserve currency members in connection with quota increases under the two Resolutions. Under this arrangement, the Fund may make general deposits of gold totalling not more than the equivalent of $350 million with its depositories in the United States and the United Kingdom, viz., approximately $250 million in the United States and $100 million in the United Kingdom. By December 31, 1966 the Fund had made general deposits of gold equivalent to $211.5 million in the United States and $43 million in the United Kingdom.

Par Values

Initial par values were established by agreement between the Fund and six members during 1966, as follows: the Kenya shilling at K Sh 7.14286 per U.S. dollar, effective September 14, 1966; the Malawi pound at £M 0.357143 per U.S. dollar, effective May 27, 1966; the Rwanda franc, at RF 100 per U.S. dollar, effective April 7, 1966; the Tanzania shilling at T Sh 7.14286 per U.S. dollar, effective August 4, 1966; the Uganda shilling at U Sh 7.14286 per U.S. dollar, effective August 15, 1966; and the Zambia pound at £Z 0.357143 per U.S. dollar, effective March 7, 1966.

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A new monetary unit, the dollar, was introduced by the Government of Australia to replace the Australian pound, effective February 14, 1966. On the proposal of the Australian Government, in which the Fund concurred on February 11, 1966, the par value of the Australian dollar was established at $A 0.892857 per U.S. dollar and became effective on February 14, 1966. On the proposal of the Government of India, in which the Fund concurred on June 5, 1966, the par value of the rupee was changed from Rs 4.7619 per U.S. dollar to Rs 7.5 per U.S. dollar, effective June 6, 1966. The Fund also concurred, on July 1, 1966, in the par value proposed by the United Kingdom in connection with the introduction, effective May 25, 1966, of a new monetary unit for the Bahama Islands, in respect of which it has accepted the Fund Agreement, at the rate of 1.02041 Bahamian dollars per U.S. dollar.

Gold Subsidies

The gold subsidy programs of the Governments of Australia, Canada, the Philippines and Rhodesia, discussed in previous reports, have continued in operation during the past year.

The Government of South Africa consulted the Fund regarding the continuation of its program for financial assistance to marginal gold mines from July 1, 1966 until June 30, 1967. A minor extension to this program includes an increase in the maximum unsecured loans available to mines operating at a loss from 10 per cent to 20 per cent of the current revenue, on a sliding scale. This means that in addition to 100 per cent unsecured loans granted to such mines of a maximum of 10 per cent of revenue to cover operating losses, the Government will provide, under certain circumstances, a further 80 per cent loan on losses between 10-15 per cent of revenue, and a 70 per cent loan on losses between 15-20 per cent of revenue. The small modification to the government assistance program to marginal gold mines is clearly related to mining costs and will not influence exchange stability in other member countries.

The Fund deemed the extension of and the slight modification to the South African arrangements to be consistent with the objectives of the Fund's statement on gold subsidies of December 11, 1947.

Gold Transactions Service

Since the inauguration of the Fund's gold transactions service in March 1952, the central banks of 26 member countries and 5 international organizations have purchased or sold gold through the facilities provided by the Fund. In all, 121 transactions amounting to some $1,093 million, have taken place since March 1952. There was one small transaction in 1966.

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Relations With Other International Organizations

The Fund continued to maintain close relations with international organizations with which it has related interests--the United Nations (UN), the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS), and the Inter-American Development Bank (IDB)--and with the International Bank for Reconstruction and Development (IBRD), with which it has a special relationship. These organizations were represented at the joint Annual Meetings of the Fund and the IBRD, and Fund representatives attended meetings of those organizations and maintained direct working contacts with their staffs.

As a result of a change in scheduling sessions of the United Nations Economic and Social Council (ECOSOC), the Managing Director addressed that body twice during the year under review--on the occasions of the presentation of the Fund's 1965 Annual Report to the 40th Session in February and of the 1966 Annual Report to the Resumed 41st Session in December. The Managing Director also attended meetings of the newly established Inter-Agency Consultative Board of the UN Development Programme in New York and meetings of the Administrative Committee on Coordination (ACC) in London and New York. In connection with the liquidity discussions, the Managing Director attended the Ministerial Meeting of the Group of Ten at The Hague in July 1966. He also addressed the annual high level meeting of the Development Assistance Committee of the OECD which met in Washington.

Other Fund representatives attended the 21st Session of the UN General Assembly, the 40th and 41st Sessions of the ECOSOC, the 22nd Session of the Economic Commission for Asia and the Far East (ECAFE), the 21st Session of the Economic Commission for Europe (ECE), and the 164th Session of the Governing Body of the International Labor Organization (ILO). Fund staff attended meetings of the Trade and Development Board, the Committee on Invisibles and the Financing of Trade, the Expert Group on International Monetary Issues, the Inter-governmental Group on Supplementary Financing and other bodies meeting under the aegis of the United Nations Conference on Trade and Development (UNCTAD). Staff members also attended an ad hoc session of the Governing Council of the UN Development Programme, the second meeting of the Interagency Study Group on Evaluation Activities established by the ACC Preparatory Committee, and the first session of the UN Committee of Experts on Development Financing. The Fund sent observers to Sub-Regional Meetings on Economic Cooperation convened by the Economic Commission for Africa in North Africa at Tangiers and in West Africa at Niamey and was represented at the ECAFE's 10th Session of the Working Party on Economic Development and Planning and the 4th Workshop on Problems of Budget Classification

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and Management in Countries of the ECAFE Region, both held in Bangkok. Also in the development field, a Fund representative attended the Conference of the German Foundation for Developing Countries.

Meetings concerning commodities which were attended by Fund representatives included those of the Food and Agriculture Organization's Committee on Commodity Problems in Rome, the UN Cocoa Conference and its Working Party 1 on Prices and Quotas in New York, and the International Cotton Advisory Committee in Lima, Peru.

In the Latin American area, members of the staff attended the 8th Meeting of Central Banking Experts of the American Continent and the 9th Operational Meeting of the Center for Latin American Monetary Studies (CEMLA) held in Buenos Aires, the 9th Meeting of the Central American Economic Cooperation Committee of the Economic Commission for Latin America held in Guatemala City, the 7th Meeting of the Board of Governors of the Inter-American Development Bank in Mexico City, and the 4th Annual Meetings of the Organization of American States' Inter-American Economic and Social Council at the Expert and Ministerial Levels held in Buenos Aires as well as the 7th Annual Meeting of the Inter-American Committee on the Alliance for Progress (CIAP) held just prior to those meetings. Fund staff, at the invitation of the Chairman of the CIAP, participated in an advisory capacity in a series of meetings held in Washington dealing with country reviews and attended periodically informal interagency meetings arranged by the CIAP Secretariat in preparation for the country reviews and on other matters of mutual interest.

The Fund was represented at the dedication of new buildings of the Bank of Guatemala and of the Central Bank of Venezuela, where a round table on liquidity and capital markets was held afterwards. A Fund representative attended the Inaugural Meeting of the Asian Development Bank held in Tokyo.

The Fund and the Bank continued their efforts to improve their procedures for collaboration in order to avoid duplication of work, both within the two institutions and on the part of member governments in their dealings with the Bank and Fund, and to ensure that member governments are receiving advice that is broadly based and consistent. In one area of collaboration, that of coordination of aid, the Fund was represented at meetings of consultative and other groups for particular countries, which had been convened by the Bank or other sponsoring organizations, and also at the second general meeting on coordination held by the Bank during the joint Annual Meetings of the Board of Governors in September.

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As regards the Organization for Economic Cooperation and Development (OECD), Fund representatives continued to attend the meetings of the Economic Policy Committee and that Committee's Working Party 3, which is primarily concerned with policies for the promotion of improved international payments equilibrium. They also attended meetings of the Development Assistance Committee and of the Working Group on Short-Term Economic Prospects and participated in the study of the improvement of capital markets carried out by the Committee for Invisible Transactions.

During 1966, Fund representatives attended meetings of various organs of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (GATT). The CONTRACTING PARTIES consulted the Fund in connection with their consideration of import restrictions and import surcharges maintained, for balance of payments reasons, by ten countries.

Cooperation With Members, Including Technical Assistance

The Fund's cooperation with members has been maintained in connection with its continuing consultations and discussions with members and in response to requests by member governments for technical assistance in special and technical fields. The areas in which the Fund has cooperated with its members include stabilization programs, balance of payments statistics, general banking legislation and central bank laws, budget organization and analysis, and tax systems and fiscal matters. Technical assistance in connection with the preparation of an economic stabilization program and improvements in fiscal and central bank procedures was provided at the request of a country that has applied for membership in the Fund.

The Fiscal Affairs Department responded to 19 requests from 14 countries in Africa, Asia, the Middle East, and Latin America for technical assistance in the field of taxation and budget. Some of these assignments were carried over from the previous year. Of these requests, 12 were long-term assignments. Most of the requests were filled from the Department's panel of fiscal experts; 5 of the assignments were met from its own staff.

The demand for central banking technical assistance has continued to mount, and the Central Banking Service provided 28 experts to 20 countries in 1966 as compared to a total of 18 experts to 14 countries during the preceding year. In addition to the requests for experts to fill positions in the countries, the Central Banking Service Department also received requests for advice on legislation (both central banking and general banking), bank reorganization, reform of the banking system, and monetary cooperation between governments. These requests were handled by the regular staff members of the Fund. In the

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course of meeting these requests the staff members went on 16 advisory missions and prepared 9 legislative texts.

Training Activities

During the year 1966, the IMF Institute, which had been established in May 1964 to centralize and develop the Fund's training activities, moved into high gear, as it provided training to 120 officials of member countries; it also laid the basis for a further expansion and diversification of its work during 1967.

After a six-week special course in English, to which were invited senior officials from member countries which had recently joined the Fund, the IMF Institute organized in 1966 two courses on Financial Analysis and Policy, one in English, over a twenty-week period, from March 14 to July 29, and one in French, over a sixteen-week period, from September 6 to December 21. These courses, which were attended by 27 officials from 26 different countries and by 25 participants from 20 countries respectively, explained the Fund's methods of analysis, its work, and its policies, and they drew extensively on the vast experience gained by the Fund in the financial field through its contacts with its members. During the past year, the IMF Institute also held two courses on Balance of Payments Methodology: one in French and one in Spanish. The latter, which was organized in cooperation with the Central American Monetary Council, took place in San Salvador.

During the first two months of 1967, the IMF Institute organized a course, in English, on Balance of Payments Methodology, in which 26 officials participated. A similar course, in French, will be held during the fall. For the first time, the Institute will offer, this spring, over an eight-week period starting on May 15, a course on Public Finance. For the regular twenty-week course on Financial Analysis and Policy, which is scheduled to begin on March 6, 28 participants, from 25 different countries, have been selected. Two other regular courses, each of them also of a twenty-week duration, will start during the latter part of the year: one in French (from October 9, 1967 to February 23, 1968) and, for the first time, one in Spanish (from November 20, 1967 to April 5, 1968).

In Latin-America, several staff members provided a series of lectures to the participants in the training program of the Center for Latin-American Monetary Studies (CEMLA) in Mexico City and also arranged a program of lectures on Fund-related subjects for these participants in their visit to Washington. A staff member was assigned, moreover, to give a number of lectures at the ECLA Institute for Economic and Social Development in Santiago, Chile.

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Publications of the Fund in 1966

Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1966 (French, German, and Spanish translation of parts of Report)

Balance of Payments Yearbook, Vol. 17, 1960-64. Monthly loose-leaf installments of Vol. 18

By Laws and Rules and Regulations. 26th Issue. August 10, 1966

The Cuban Insurance Cases and the Articles of the Fund

Direction of Trade (published jointly by the International Monetary Fund and the International Bank for Reconstruction and Development) (monthly and an annual summary)

Finance and Development (a quarterly publication of the International Monetary Fund and the International Bank for Reconstruction and Development issued in English, French, and Spanish editions)

The Fund and Non-Member States: Some Legal Effects

International Financial News Survey (weekly)

International Financial Statistics (monthly and annual supplement) (also edition with titles and text in English, French, and Spanish)

The International Monetary Fund and International Law: An Introduction (French)

The International Monetary Fund and Private Business Transactions: Some Legal Effects of the Articles of Agreement (French)

Introduction to the Fund, Second Edition (English, French, Spanish)

Schedule of Par Values. 42nd and 43rd Issues. February 15 and September 15, 1966

Seventeenth Annual Report on Exchange Restrictions 1966

Staff Papers, Vol. XIII, Nos. 1, 2, and 3

Summary Proceedings of the Annual Meeting 1966

The Role of the Central Banker Today. Lecture by Louis Rasminsky. (Published by the Per Jacobsson Foundation in English, French, and Spanish editions)

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TABLE I (A)

Purchases of Currencies from the Fund
January 1, 1966 - December 31, 1966

(In millions of U.S. dollars)

Member Purchasing	Under Stand-by Arrangements	In Connection with Quota Increases Under First Resolution	Other	Total*
Afghanistan	9.06			9.06
Argentina		17.50	30.00	47.50
Burundi	3.00	.94		3.94
Ceylon	26.25	4.00		30.25
Chile	30.00			30.00
Colombia	31.50	6.25		37.75
Costa Rica	5.50	1.25		6.75
Cyprus		.94		.94
Dominican Republic			6.60	6.60
Ecuador	5.00	1.25		6.25
El Salvador	20.00			20.00
Ghana	31.40	3.50	17.25	52.15
Guatemala	7.00			7.00
Guinea		1.00		1.00
Haiti	3.70	.94		4.64
Honduras	2.50			2.50
India		37.50	187.50	225.00
Ireland			22.50	22.50
Liberia	3.00	1.00	1.19	5.19
Mali		1.00		1.00
New Zealand		8.00		8.00
Pakistan		9.50		9.50
Rwanda	5.00			5.00
Sierra Leone	1.50			1.50
Somalia		.94		.94
Sudan	14.50	3.00		17.50
Syria		2.00	1.25	3.25
Tunisia	5.40	1.75	1.37	8.52
Turkey	21.50			21.50
United Arab Republic		7.50		7.50
United Kingdom		122.50		122.50
United States			680.00	680.00
Uruguay	5.00			5.00
Yugoslavia	30.00	7.50		37.50
*Total	260.81	239.75	947.66	1,448.23

* Totals may not agree because of rounding.

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TABLE I (B)

PURCHASES OF CURRENCIES FROM THE FUND, 1 JANUARY - 31 DECEMBER 1966
(Equivalent in Millions of U.S. Dollars)

Member	Australian dollars	Austrian schillings	Belgian francs	Canadian dollars	Deutsche mark	French francs	Italian lire	Japanese Yen	Mexican pesos	Netherlands guilders	Norwegian kroner	Swedish kronor	Pounds sterling	U.S. dollars	Total *
Afghanistan	-	-	-	-	1.00	-	-	-	-	-	-	-	-	8.06	9.06
Argentina	-	-	-	7.50	7.50	7.50	-	-	-	-	-	-	-	25.00	47.50
Burundi	-	-	3.94	-	-	-	-	-	-	-	-	-	-	-	3.94
Ceylon	-	-	-	3.75	-	-	6.25	-	-	-	-	-	10.25	10.00	30.25
Chile	-	-	-	5.00	-	10.00	10.00	-	-	-	-	-	-	5.00	30.00
Colombia	-	-	6.75	4.50	-	-	4.50	-	9.00	6.75	-	-	-	6.25	37.75
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	-	6.75	6.75
Cyprus	-	-	-	-	-	-	-	-	-	-	-	-	0.94	-	0.94
Dominican Republic	-	-	-	-	-	-	-	-	-	-	-	-	-	6.60	6.60
Ecuador	-	-	-	-	-	-	-	-	-	-	-	-	-	6.25	6.25
El Salvador	-	-	-	-	-	-	-	-	-	-	-	-	-	20.00	20.00
Ghana	-	-	-	4.00	15.50	-	4.00	-	-	-	-	-	18.25	10.40	52.15
Guatemala	-	-	-	-	-	-	-	-	-	-	-	-	-	7.00	7.00
Guinea	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	1.00
Haiti	-	-	-	-	-	-	-	-	-	-	-	-	-	4.64	4.64
Honduras	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50	2.50
India	10.00	-	15.00	22.50	17.50	45.00	32.50	17.50	-	15.00	-	-	25.00	25.00	225.00
Ireland	-	-	-	6.00	6.00	-	-	-	-	-	-	-	10.50	-	22.50
Liberia	-	-	-	-	-	-	-	-	-	-	-	-	-	5.19	5.19
Mali	-	-	-	-	-	1.00	-	-	-	-	-	-	-	-	1.00
New Zealand	-	-	-	-	-	-	-	-	-	-	-	-	8.00	-	8.00
Pakistan	-	-	-	-	9.50	-	-	-	-	-	-	-	-	-	9.50
Rwanda	-	-	5.00	-	-	-	-	-	-	-	-	-	-	-	5.00
Sierra Leone	-	-	-	-	-	-	-	-	-	-	-	-	1.50	-	1.50
Somalia	-	-	-	-	-	-	-	-	-	-	-	-	-	0.94	0.94
Sudan	-	-	-	-	5.00	-	4.50	-	-	-	-	-	8.00	-	17.50
Syria	-	-	-	-	-	-	-	-	-	-	-	-	-	3.25	3.25
Tunisia	-	-	-	-	-	8.52	-	-	-	-	-	-	-	-	8.52
Turkey	-	5.00	-	6.50	-	5.00	-	-	-	-	5.00	-	-	-	21.50
United Arab Republic	-	-	-	-	7.50	-	-	-	-	-	-	-	-	-	7.50
United Kingdom	-	-	-	-	122.50	-	-	-	-	-	-	-	-	-	122.50
United States	-	-	-	400.00	30.00	-	250.00	-	-	-	-	-	-	-	680.00
Uruguay	-	-	-	-	-	-	-	-	-	-	-	-	-	5.00	5.00
Yugoslavia	-	-	7.50	-	17.50	-	-	-	-	7.50	-	5.00	-	-	37.50
Total Purchases *	10.00	5.00	38.19	459.75	239.50	77.02	311.75	17.50	9.00	29.25	5.00	5.00	82.84	158.83	1,448.23

* Totals may not equal sums of items because of rounding

TABLE II

REPURCHASES OF CURRENCIES FROM THE FUND - JANUARY 1 - DECEMBER 31, 1966

(Equivalent in millions of U.S. dollars)

Member	Austrian Schillings	Belgium Francs	Canadian Dollars	Deutsche Mark	French francs	Italian Lire	Japanese Yen	Mexican Pesos	Netherlands Guilders	Swedish Kronor	Pounds Sterling	U.S. Dollars	Gold	Total *
Afghanistan				.25	.01						.20	.54	3.35	4.36
Argentina			72.00	4.00										76.00
Bolivia			4.00											4.00
Brazil	.10		38.95				.43							39.48
Burundi			3.00											3.00
Ceylon			11.25											11.25
Chile			44.80											44.80
Colombia			33.50											33.50
Costa Rica			5.00											5.00
Ghana			2.00											2.00
Guatemala								.01					.39	.40
Haiti			3.50											3.50
Honduras			2.50											2.50
India			95.00	7.50	7.50	7.50	7.50							125.00
Ireland			.01										1.30	1.31
Jordan													.02	.02
Liberia			3.60											3.60
Philippines			11.75										2.55	14.30
Sudan			2.50											2.50
Syrian Arab Republic			5.60											5.60
Tunisia				.01	.09	.01				.03			.09	.24
Turkey	.11			2.79	12.76				1.16	.98			3.70	21.50
United Arab Republic			28.00											28.00
Uruguay	.01	.08	5.24	.19	.19	.04	.02		.23					6.00
Yugoslavia			40.00											40.00
Total *	.23	.08	412.19	14.74	20.56	7.55	7.95	.01	1.39	1.01	.20	.54	11.40	477.86 *

* Totals may not equal sums of items because of rounding.

TABLE III

Stand-by Arrangements in Force - January 1, 1966 - December 31, 1966
(Millions of U.S. dollars)

Member	Date of Arrangement	Date of Expiration	Amount	Amount Purchased under Stand-by Jan. 1'66-Dec.31'66	Total Amount Purchased under Stand-by	Amount Available Dec. 31, 1966
Afghanistan	June 17, 1965	June 16, 1966	6.75	5.06	6.75	-
	Aug. 3, 1966	Aug. 2, 1967	8.00	4.00	4.00	4.00
Bolivia	Sep. 1, 1965	Nov. 30, 1966[1]	14.00	-	-	-
	Dec. 2, 1966	Dec. 1, 1967	18.00	-	-	18.00
Brazil	Jan. 13, 1965	Jan. 12, 1966	125.00	-	75.00	-
	Feb. 1, 1966	Jan. 31, 1967	125.00	-	-	125.00
Burundi	Jan. 26, 1965	Jan. 25, 1966	4.00	-	2.00	-
	Mar. 28, 1966	Mar. 27, 1967	5.00	3.00	3.00	5.00[2]
Ceylon	June 15, 1965	June 14, 1966	30.00	7.50	22.50	-
	June 15, 1966	June 14, 1967	25.00	18.75	18.75	6.25
Chile	Jan. 6, 1965	Jan. 5, 1966	36.00	-	36.00	-
	Mar. 1, 1966	Feb. 28, 1967	40.00	30.00	30.00	10.00
Colombia	Jan. 1, 1966	Dec. 31, 1966	36.50	31.50	31.50	-
Costa Rica	Feb. 1, 1965	Jan. 31, 1966	10.00	-	10.00	-
	Mar. 1, 1966	Feb. 28, 1967	10.00	5.50	5.50	4.50
Ecuador	July 1, 1965	June 30, 1966	12.00	-	8.00	-
	July 15, 1966	July 14, 1967	13.00	5.00	5.00	8.00
El Salvador	Oct. 15, 1965	Oct. 14, 1966	20.00	20.00	20.00	-
Ghana	May 17, 1966	May 16, 1967	36.40	31.40	31.40	5.00
Guatemala	Jan. 1, 1966	Dec. 31, 1966	15.00	7.00	7.00	-
Haiti	Oct. 1, 1965	Sep. 30, 1966	4.00	2.20	3.95	-
	Oct. 1, 1966	Sep. 30, 1967	4.00	1.50	1.50	2.50
Honduras	Jan. 1, 1966	Dec. 31, 1966	10.00	2.50	2.50	-
India	Mar. 22, 1965	Mar. 21, 1966	200.00	-	200.00	-
Korea	Mar. 22, 1965	Mar. 21, 1966	9.30	-	-	-
	Mar. 22, 1966	Mar. 21, 1967	12.00	-	-	12.00
Liberia	June 1, 1965	May 31, 1966	4.00	-	3.00	-
	June 1, 1966	May 31, 1967	6.00	3.00	3.00	3.00
Morocco	Sep. 23, 1965	Sep. 22, 1966	45.00	-	-	-
	Sep. 23, 1966	Sep. 22, 1967	50.00	-	-	50.00
Pakistan	Mar. 16, 1965	Mar. 15, 1966	37.50	-	37.50	-
Panama	July 26, 1965	July 25, 1966	7.00	-	-	-
Paraguay	Sep. 1, 1966	Aug. 31, 1967	7.50	-	-	7.50
Peru	Apr. 8, 1965	Apr. 7, 1966[3]	30.00	-	-	-
	Mar. 31, 1966	Mar. 30, 1967	37.50	-	-	37.50
Philippines	Apr. 12, 1965	Apr. 11, 1966	40.40	-	-	-
	Apr. 12, 1966	Apr. 11, 1967[4]	26.70	-	-	26.70
Rwanda	Apr. 15, 1966	Apr. 14, 1967	5.00	5.00	5.00	-
Sierra Leone	Nov. 1, 1966	Oct. 31, 1967	7.50	1.50	1.50	6.00
Somalia	Jan. 19, 1965	Jan. 18, 1966	5.60	-	5.60	-
	Jan. 19, 1966	Jan. 18, 1967	2.80	-	-	2.80
Sudan	Sep. 22, 1966	Sep. 21, 1967	28.50	14.50	14.50	14.00
Tunisia	Nov. 12, 1965	Nov. 11, 1966	5.60	2.80	5.60	-
	Dec. 5, 1966	Dec. 4, 1967	9.60	2.60	2.60	7.00
Turkey	Feb. 1, 1966	Dec. 31, 1966	21.50	21.50	21.50	-
Uruguay	June 9, 1966	June 8, 1967	15.00	5.00	5.00	10.00
Yugoslavia	July 26, 1965	July 25, 1966	80.00	30.00	80.00	-
				260.81		364.75

1/ Extended from August 31, 1966.
2/ Augmentation by repurchase of $3.00 million.
3/ Cancelled by Peru on March 30, 1966.
4/ Cancelled by the Philippines on January 4, 1967.

TABLE IV

Charges on transactions effected after May 1, 1963 are:

	Charges in Per Cent per Annum[1] for period stated and for portion of Holdings in excess of Quota by (per cent)		
More than	0	50	100
But not more than ..	50	100	
Service Charge	.5	.5	.5
0 to 3 months	0.0	0.0	0.0
3 to 6 months	2.0	2.0	2.0
½ to 1 year	2.0	2.0	2.5
1 to 1½ years	2.5	3.0	3.5
1½ to 2 years	2.5	3.0	3.5
2 to 2½ years	3.0	3.5	4.0*
2½ to 3 years	3.5	4.0*	4.5
3 to 3½ years	4.0*	4.5	5.0
3½ to 4 years	4.5	5.0	
4 to 4½ years	5.0		

	Average Effective Rates[2] in per Cent per Annum for portion of Holdings in excess of Quota by (per cent)		
More than	0	50	100
But not more than ..	50	100	
3 months	2.00	2.00	2.00
6 months	2.00	2.00	2.00
1 year	2.00	2.00	2.25
1½ years	2.00	2.17	2.50
2 years	2.12	2.38	2.75
2½ years	2.30	2.60	3.00
3 years	2.50	2.83	3.25
3½ years	2.71	3.07	3.50
4 years	2.94	3.31	
4½ years	3.17		

1/ Except for service charge which is payable once per transaction and stated as per cent of amount of transaction.

2/ Total charges payable by the member over the stated period, expressed as a per cent and divided by the number of years of the period. Includes service charge.

* Point at which the Fund and the member consult.

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TABLE V

INCREASES IN QUOTAS, JANUARY 1, 1966 - DECEMBER 31, 1966

(In millions of U.S. dollars)

Member	Quota on Jan. 1, 1966	Under Compensatory Financing Decision		Under General Adjustment		Quota on Dec. 31, 19
		New Quota	Effective Date	New Quota	Effective Date	
Afghanistan	22.50			29.00	Feb. 23, 1966	29.00
Algeria	60.00			63.00 1/	Apr. 27, 1966	63.00
Argentina	280.00			350.00	Aug. 10, 1966	350.00
Australia	400.00			500.00	Feb. 23, 1966	500.00
Austria	75.00			175.00	Mar. 25, 1966	175.00
Belgium	337.50			422.00	July 26, 1966	422.00
Bolivia	22.50			29.00	Mar. 16, 1966	29.00
Brazil	280.00			350.00	Mar. 14, 1966	350.00
Burundi	11.25			15.00	Mar. 15, 1966	15.00
Cameroon	15.00			15.80 1/	May 4, 1966	15.80
Canada	550.00			740.00	May 31, 1966	740.00
Central African Republic	7.50			8.00 1/	May 3, 1966	8.00
Ceylon	62.00			78.00	Mar. 25, 1966	78.00
Chad	7.50			8.00 1/	June 28, 1966	8.00
Colombia	100.00			125.00	Mar. 25, 1966	125.00
Congo (Brazzaville)	7.50			8.00 1/	June 22, 1966	8.00
Congo, Democratic Rep. of	45.00			47.40 1/	Sep. 23, 1966	47.40
Costa Rica	20.00			25.00	Aug. 19, 1966	25.00
Cyprus	11.25			15.00	Apr. 15, 1966	15.00
Dahomey	7.50			8.00 1/	June 18, 1966	8.00
Denmark	130.00			163.00	Mar. 25, 1966	163.00
Dominican Republic	25.00			26.40 1/	Mar. 29, 1966	26.40
Ecuador	20.00			25.00	Apr. 1, 1966	25.00
El Salvador	20.00			25.00	Feb. 23, 1966	25.00

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Member	Quota on Jan. 1, 1966	Under Compensatory Financing Decision: New Quota	Under Compensatory Financing Decision: Effective Date	Under General Adjustment: New Quota	Under General Adjustment: Effective Date	Quota on Dec. 31, 1966
Ethiopia	15.00			19.00	Mar. 25, 1966	19.00
Finland	57.00			125.00	Mar. 21, 1966	125.00
France	787.50			985.00	Aug. 17, 1966	985.00
Gabon	7.50			8.00 1/	May 20, 1966	8.00
Germany, Federal Rep. of	787.50			1,200.00	May 27, 1966	1,200.00
Ghana	55.00			69.00	Apr. 21, 1966	69.00
Greece	60.00			100.00	Apr. 13, 1966	100.00
Guatemala	20.00			25.00	Mar. 15, 1966	25.00
Guinea	15.00			19.00	July 27, 1966	19.00
Haiti	11.25			15.00	Mar. 24, 1966	15.00
Honduras	15.00			19.00	Mar. 25, 1966	19.00
Iceland	11.25			15.00	Mar. 17, 1966	15.00
India	600.00			750.00	Mar. 12, 1966	750.00
Iran	70.00			125.00	Mar. 10, 1966	125.00
Iraq	64.00			80.00	Mar. 24, 1966	80.00
Ireland	45.00			80.00	Mar. 25, 1966	80.00
Israel	50.00			90.00	Mar. 23, 1966	90.00
Italy	500.00			625.00	Mar. 24, 1966	625.00
Ivory Coast	15.00			15.80 1/	Mar. 25, 1966	15.80
Jamaica	20.00	24.00	Jan. 3, 1966	30.00	Mar. 25, 1966	30.00
Japan	500.00			725.00	Mar. 25, 1966	725.00
Jordan	12.25			13.00 1/	Mar. 23, 1966	13.00
Kenya	25.00			32.00	Mar. 25, 1966	32.00
Korea	18.75			24.00	Feb. 28, 1966	24.00
Liberia	16.00			20.00	Mar. 25, 1966	20.00
Libya	15.00			19.00	Mar. 22, 1966	19.00
Luxembourg	15.00			15.80 1/	Aug. 16, 1966	15.80
Malagasy Republic	15.00			19.00	Apr. 12, 1966	19.00
Malaysia	58.33	84.17 2/	Apr. 29, 1966	63.33 1/	Mar. 24, 1966	84.17
Mali	13.00			17.00	Apr. 26, 1966	17.00
Mauritania	7.50			8.00 1/	Apr. 22, 1966	8.00
Mexico	180.00			270.00	Mar. 9, 1966	270.00
Morocco	72.00			75.60 1/	Apr. 15, 1966	75.60

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TABLE V

- 3 -

Member	Quota on Jan. 1, 1966	Under Compensatory Financing Decision: New Quota	Under Compensatory Financing Decision: Effective Date	Under General Adjustment: New Quota	Under General Adjustment: Effective Date	Quota on Dec. 31, 196
Nepal	7.50			10.00	Mar. 25, 1966	10.00
Netherlands	412.50			520.00	May 25, 1966	520.00
New Zealand	125.00			157.00	Mar. 23, 1966	157.00
Nicaragua	11.25	15.00	Jan. 24, 1966	19.00	Mar. 24, 1966	19.00
Niger	7.50			8.00	1/Aug. 30, 1966	8.00
Nigeria	50.00			63.00	Nov. 16, 1966	63.00
Norway	100.00			150.00	May 5, 1966	150.00
Pakistan	150.00			188.00	Apr. 19, 1966	188.00
Paraguay	11.25			15.00	Feb. 23, 1966	15.00
Peru	37.50			47.00	Apr. 4, 1966	47.00
Philippines	75.00			110.00	Sep. 30, 1966	110.00
Portugal	60.00			75.00	Mar. 17, 1966	75.00
Rwanda	11.25			12.00	1/Apr. 15, 1966	12.00
Saudi Arabia	72.00			90.00	Mar. 17, 1966	90.00
Sierra Leone	11.25			15.00	Mar. 25, 1966	15.00
Somalia	11.25			15.00	Apr. 13, 1966	15.00
South Africa	150.00			200.00	Mar. 18, 1966	200.00
Spain	150.00			250.00	Mar. 25, 1966	250.00
Sudan	45.00			57.00	Mar. 16, 1966	57.00
Sweden	150.00			225.00	Mar. 24, 1966	225.00
Syrian Arab Republic	25.00	30.00	Feb. 14, 1966	38.00	Mar. 21, 1966	38.00
Tanzania	25.00			32.00	June 13, 1966	32.00
Thailand	76.00			95.00	Mar. 25, 1966	95.00
Trinidad and Tobago	20.00			25.00	Mar. 28, 1966	25.00
Tunisia	22.50	28.00	Mar. 21, 1966	35.00	May 31, 1966	35.00
Uganda	25.00			32.00	Mar. 30, 1966	32.00
United Arab Republic	120.00			150.00	Apr. 5, 1966	150.00
United Kingdom	1,950.00			2,440.00	Mar. 23, 1966	2,440.00
United States	4,125.00			5,160.00	Feb. 23, 1966	5,160.00

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TABLE V

- 4 -

Member	Quota on Jan. 1, 1966	Under Compensatory Financing Decision		Under General Adjustment		Quota on Dec. 31, 196
		New Quota	Effective Date	New Quota	Effective Date	
Upper Volta	7.50			8.00 1/	May 17, 1966	8.00
Venezuela	150.00			250.00	Mar. 24, 1966	250.00
Viet-Nam	22.50			23.80 1/	Mar. 23, 1966	23.80
Yugoslavia	120.00			150.00	Mar. 23, 1966	150.00

1/ Represents payment of first of five annual installments.
2/ Represents payment of second of three annual installments.

APPENDIX B

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1966 Marketing Operations

Table I summarizes marketing operations during the calendar year 1966.

Table I

Sales of World Bank Bonds and Notes
(Calendar Year 1966)

	Amount expressed in US dollars	
By Public Offering in the United States		
5-3/8% 25-year Bonds		175,000,000 1/
By Public Offering and Placements outside the United States		
A. Public Offerings		
5-3/4% 25-year Canadian Dollar Bonds (Can$20 MM)	18,500,000	
6-1/4% 25-year Canadian Dollar Bonds (Can$20 MM)	18,500,000 2/	
Public Offerings outside the United States	37,000,000	
B. Private Placements		
5-1/4% Two-year U.S. Dollar Bonds	100,000,000	
6% Two-year U.S. Dollar Bonds	100,000,000	
4-7/8% U.S. Dollar Notes due 1968/71	16,000,000	
4-7/8% Deutsche Mark Notes due 1968/71 (DM64MM)	16,000,000	
5-1/4% U.S. Dollar Notes due 1968	16,000,000	
5-1/4% Deutsche Mark Notes due 1968	16,000,000	
	264,000,000	
TOTAL BONDS AND NOTES PLACED OUTSIDE THE UNITED STATES		301,000,000
GRAND TOTAL ALL BONDS AND NOTES SOLD BY THE BANK IN 1966		476,000,000

1/ As of December 31, 1966, a total of $89.9 million of this issue remained on delayed delivery.
2/ Delivery date on this issue is January 4, 1967.

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After deducting the amounts in the above footnotes and the offsetting effect of maturities and of sinking and purchase fund operations, the total of outstanding bonds and notes of the Bank on December 31, 1966, amounted to the equivalent of about $2,870,000,000. Of this sum over $2.1 billion was denominated in US dollars and the equivalent of about $734 million was denominated in Belgian, Canadian, German, Netherlands, British and Swiss currencies. Estimates indicate that about $1.3 billion of outstandings are held in the United States, and the remainder, including $800 million in US dollar bonds, is held in over 40 countries.

Bank Lending in 1966

Table II outlines in detail Bank lending during the calendar year 1966.

Outlined below are some detailed comments on Bank lending during the past year.

A. Transport Loans: Development of roads and highways in Finland, Iraq, Japan, Paraguay, Thailand and Zambia accounted for nearly 90 per cent of all Bank commitments in this category in 1966. In Japan, the Bank lent $100 million for construction of the last section of the 333-mile Tokyo-Kobe Express Highway, bringing to $380 million the total of World Bank financing for this project. Port improvements and development accounted for all remaining loans in this category. In Peru, a loan of $9.1 million was made for the Port of Pisco. This loan continues Bank assistance to Peru in development of deep water ports. Previously World Bank loans had helped to develop the Ports of Callao and Paita.

B. Loans for Power Development: Projects financed in this category include installation of nearly 3.3 million kilowatts of new generating capacity in Brazil, Chile, Iceland, Jamaica, Nicaragua, Portugal, Singapore and South Africa. In Singapore and Jamaica the projects will double current generating capacity. Largest borrower in 1966 was Brazil - about $150 million, $101 million for expansion of transmission facilities for five existing power installations; and $49 million for the new 400,000 kilowatt capacity Jaguara project. In Chile, the Bank lent $60 million for a new 400,000 kilowatt project that will serve the major cities of Santiago

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and Concepcion. Since 1948, the Bank has lent $125.4 million in Chile for installations with a capacity of 950,000 kilowatts that provide integrated service between the main areas of the country. Similarly, in Nicaragua, Peru, Portugal, Malaysia and South Africa, the Bank in 1966 provided continuing financing for power development programmes for which it had previously lent.

C. Loans for Industry: Six of the seven loans in this category were made to provide additional foreign exchange resources to "Development Finance Companies," whose function is to spur the growth of private enterprise and investment. Loans to these institutions totalled $107.5 million. A single loan of $25 million is helping to finance five "Financieras" in Colombia, in three of which the Bank's affiliate, IFC, has equity investments. In assisting Development Finance Companies in Morocco, Iran, the Philippines and Turkey, the Bank was lending to companies it had financed previously. In Tunisia, however, the Bank and its affiliate, the IFC, were joining with financial interests in France, Germany, Italy, Sweden and Tunisia in helping to launch a new development finance institution.

D. Loans for Agriculture: In Colombia, the Bank lent $16.7 million to help finance a 10-year livestock programme designed to give greater diversification to the country's agricultural economy. A $19 million loan in Mexico is helping to finance an irrigation programme that will increase irrigation in central and northern Mexico from 143,000 acres to 235,000 acres. Previously, the Bank had lent $27.5 million for improvement and expansion of irrigation facilities. These projects in addition to increasing the availability of agricultural products in Mexico, provide the country with substantial foreign exchange earnings through exports.

E. Other Loans: In Jamaica, the Bank lent $9.5 million to help expand facilities at 50 junior secondary schools, at four teachers' colleges and at the College of Arts, Science and Technology. Thailand also borrowed $6 million for education. The funds will be used to expand 14 trade schools, nine vocational agricultural schools, a vocational teachers' college and an agricultural teachers' college. The Bank made a loan of $21.3 million in Venezuela to improve and increase the water supply of Caracas, which currently suffers from serious water shortages. Rationing of water is required in some areas of the city.

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Table II

World Bank Lending - Calendar Year 1966

Area and Country	Purpose	Amount
AFRICA		
Guinea	Project Preparation	$ 1,700,000
Morocco	Development Finance Company	17,500,000
South Africa	Electric Power	20,000,000
Tunisia	Development Finance Company	5,000,000
Zambia	Roads	17,500,000
		61,700,000
ASIA and MIDDLE EAST		
India	Iron and Steel	30,000,000
Iran	Development Finance Company	25,000,000
Iraq	Roads	23,000,000
Japan	Roads	100,000,000
Malaysia	Electric Power	37,000,000
Philippines	Development Finance Company	25,000,000
Singapore (two loans)	Port and Electric Power	25,000,000
Thailand (two loans)	Roads and Education	42,000,000
		307,000,000
EUROPE		
Finland	Roads	20,000,000
Iceland	Electric Power	18,000,000
Portugal (two loans)	Electric Power	30,000,000
Turkey	Development Finance Company	10,000,000
		78,000,000
WESTERN HEMISPHERE		
Brazil (six loans)	Electric Power	149,600,000
Chile	Electric Power	60,000,000
Colombia (two loans)	Livestock Programme - Development Finance Companies	41,700,000
Honduras	Port Development	4,800,000
Jamaica (two loans)	Electric Power and Education	31,500,000
Mexico	Irrigation	19,000,000
Nicaragua	Electric Power	5,000,000
Paraguay	Roads	2,100,000
Peru (two loans)	Electric Power and Port Development	19,100,000
Venezuela	Water Supply	21,300,000
		354,100,000
International Finance Corporation		100,000,000
Total Lending in Calendar 1966		$900,800,000

...

INTERNATIONAL DEVELOPMENT ASSOCIATION

IDA Credits during 1966

In India IDA made a further $68 million credit available for railway development. This brings to $575.3 million the total of World Bank-IDA financing for that country's rail development programme since 1949. A fourth credit of $23 million to India, along with a loan of $33 million from the U.S. Agency for International Development will help to finance hydroelectric power on the Beas River and extension of irrigation in the Punjab and Rajasthan. Other credits to Pakistan include: $19.2 million made available in conjunction with a $4.8 million credit from Sweden, will help finance a foodgrain storage and handling project in East Pakistan; $13 million made available to finance expanded educational facilities in East Pakistan; and $1 million for engineering services and studies of a highway project.

Ten credits were made available in Africa, aggregating about $66 million. Transport and education projects accounted for the bulk of credits in this area. Credits of $14.1 million are financing road development in Basutoland and Malagasy and railway projects in Mali and Senegal received credits of over $18 million. For educational facilities IDA made credits available in Ethiopia, Kenya and Tunisia amounting to $19 million.

In Europe only one credit was made available: $15 million to the Industrial Development Bank of Turkey, in conjunction with a loan of $10 million by the World Bank. Paraguay, the only Western Hemisphere recipient of an IDA credit in 1966, received $7.5 million to help continuation and expansion of an agricultural credit programme for which IDA made $3.6 million available in 1963.

Table III summarizes IDA operations during 1966.

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Table III

IDA Credits - Calendar Year 1966

Area and Country	Purpose	Amount
AFRICA		
Basutoland	Roads	$ 4,100,000
Burundi	Water Supply	1,100,000
Ethiopia	Education	7,200,000
Kenya	Education	7,000,000
Malagasy	Roads	10,000,000
Mali	Railways	9,100,000
Malawi	Project Preparation	490,000
Senegal	Railways	9,000,000
Tanzania	Agricultural Credit	5,000,000
Tunisia	Education	13,000,000
		65,990,000
ASIA and MIDDLE EAST		
India (four credits)	Industrial Imports, Railways and Power	306,000,000
Pakistan (five credits)	Industrial Imports, Agriculture, Education and Project Preparation	83,200,000
		389,200,000
EUROPE		
Turkey	Development Finance Company	15,000,000
WESTERN HEMISPHERE		
Paraguay	Livestock Programme	7,500,000
Total Credit Calendar 1966		$477,890,000

...

INTERNATIONAL FINANCE CORPORATION

IFC Investments During 1966

Apart from the sharp increase in the volume of IFC's investments in 1966, the chief characteristics of IFC's operations in 1966 were the increasing diversity of enterprises it assisted. One field which IFC entered for the first time was that of power utilities, when it made a $12 million equity and loan commitment to the leading power company in the Philippines. The residual financing required to complete the company's $94 million expansion programme for 1966-69 was beyond the capacity of the local capital market to provide, while tight money conditions prevented the company from raising funds in New York on reasonable terms as it had done in the past. Another industry assisted by IFC for the first time was tourism. The Corporation agreed to provide up to $3.2 million in equity and loans for a new company formed to build an international class hotel in Nairobi, the capital city of Kenya, and to participate in the development of tourism facilities in the Kenya national game parks. The project is expected to strengthen an industry representing the second largest earner of foreign exchange. IFC also continued to finance projects related directly to agriculture, when it invested in a Colombian company engaged in expanding production of beef cattle and planning to develop a meat slaughtering and marketing programme.

The growing need for additional fertilizer production in the developing countries was indicated by two IFC commitments to help finance new fertilizer plants. The IFC commitment to a new company in Brazil, established by U.S. and Brazilian investors, was part of a $70 million financing plan for the construction of a fertilizer manufacturing and distribution complex in a country where the rate of fertilizer usage is among the lowest in the world and the rate of population growth is among the highest. This commitment, together with a $3.4 million investment in Senegal, to help finance the construction of the first fertilizer plant in West Africa, meant that more IFC financing was provided for fertilizers than for any other industry in 1966.

Other industries represented in IFC's investment operations in 1966 included iron and steel, pulp and paper, cement, synthetic fibers, chemicals, automotive electrical equipment, construction equipment and food products. In Brazil, IFC joined with a consortium of development financing institutions to complete the financing of a new $26 million kraft pulp and paper mill, sponsored by a leading Brazilian industrial group. The Corporation became a shareholder in an Indian chemical company as part of a commitment to provide

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funds for a new caustic soda plant. IFC continued its association with Mexico's largest privately-owned steel complex by participating for the third time in an underwriting on behalf of the company. The Corporation also took part in underwriting a public offer of shares by one of the leading manufacturers of cans for the oil, chemical and food industries in Venezuela. In a single exceptional case, IFC made a straight loan to the largest cement producer in Greece. Other investments were either wholly equity or a mixture of equity and loans. In three cases, in Honduras, Greece and Spain, IFC took part in a rights issue of ordinary shares by a company in which it was already a shareholder.

The Corporation continued to provide assistance to development finance companies in 1966. IFC helped to reorganize a development finance company founded by the Government in Tunisia, joining subsequently with the World Bank and private investors in Tunisia and Europe to increase the company's capital resources. Nearly half of IFC's commitments in 1966 were made in association with development finance companies in which the Corporation is a shareholder. This was a greater proportion than in any previous year. Such joint operations took place on two occasions in Colombia and Greece as well as in Malaysia, Morocco and Turkey. They covered livestock production and the manufacture of synthetic fibers, cement and food products. IFC's underwriting in Venezuela was also conducted with a local development finance company in which the Corporation is a shareholder.

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1966
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of the
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International Development Association (IDA)

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Facts about the World Bank and IDA (quarterly, plus irregularly in interim periods)
Facts about the IFC (quarterly)

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Ministère des Finances

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AND
INTERNATIONAL DEVELOPMENT ASSOCIATION ACT
DURING THE
CALENDAR YEAR 1967

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MITCHELL SHARP
MINISTER OF FINANCE

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Introductory Note

This report contains a summary of the operations, during the period January 1 - December 31, 1967, of the Bretton Woods' Institutions: The International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) or the "World Bank," as it is frequently called; the International Development Association (IDA) and the International Finance Corporation (IFC).

These Institutions are known as the Bretton Woods' Institutions because the first two, the IMF and the IBRD, were established at the Bretton Woods Conference in 1944. IDA and IFC were established under the sponsorship of the World Bank with which they remain closely affiliated; the three organizations are referred to as the "World Bank Group." The basic principles on which the operations of these Institutions are founded are set out in their respective Articles of Agreement. A brief description of each of these Institutions, other than the IDA, is contained in the report on operations during the fiscal year 1958-59. A description of IDA was contained in the 1960-61 report.

The IMF (the "Fund") and the IBRD (the "Bank") were established under the Bretton Woods Agreements of 1945. Canadian participation in these Agreements, and thereby in the Fund and the Bank, was authorized by the Bretton Woods Agreements Act, 1945 (9-10 George VI, Chapter 11), as amended. The International Finance Corporation was founded in 1956 as an affiliate of the Bank by means of separate Articles of Agreement, to which Canada is a party. The Agreement by which the International Development Association was established came into force in September 1960. Canadian participation in the Association was authorized by the International Development Association Act, 1960.

The Bretton Woods' Institutions are closely linked in membership and general fields of endeavour. Membership in the Fund is a prerequisite for membership in the Bank, membership in which is a prerequisite for membership in IDA and IFC. The same Governors, Alternate Governors, Executive Directors and Alternate Directors frequently serve the four organizations. There is continuous and close contact among the managements and staffs, facilitated by the establishment of the headquarters of all four organizations in the same group of buildings in Washington, D.C. As specialized agencies of the United Nations, the Fund and the Bank have relationship agreements with the U.N. and report annually to ECOSOC. The President of the Bank and the Managing Director of the Fund are members of the Interagency Consultative Board of the U.N. Development Programme and of the U.N. Administrative Committee on Coordination.

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The Honourable Mitchell Sharp, Minister of Finance, is Canadian Governor of the Fund and the Bank. Mr. Louis Rasminsky, Governor of the Bank of Canada, is Canadian Alternate Governor of the Fund, and Mr. A.B. Hockin, Assistant Deputy Minister of Finance, is Canadian Alternate Governor of the Bank. Mr. S.J. Handfield-Jones is Executive Director of the Fund and Mr. L.D. Hudon is Executive Director of the Bank. Mr. P.M. Reid is Alternate Executive Director for the Fund and the Bank. Canada represents Guyana, Ireland and Jamaica on the Executive Boards of the two Institutions.

In 1967, with the rejoining of Indonesia and the accession of the Gambia, total membership of the Fund and the Bank was 107 countries. With the joining of Guyana and the Gambia, IDA's membership had increased to 98. IFC's membership at the end of 1967 increased to 85 with the joining of Guyana, Viet-Nam and Mauritania. The U.S.S.R. and the Eastern European countries, with the exception of Yugoslavia, are not members of the Bretton Woods' Institutions.

The IMF and IBRD use the U.S. dollar as their basic unit of account, and dollar figures throughout the report are therefore expressed in terms of U.S. dollars, unless otherwise indicated.

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INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) provides short-term financial assistance to member countries to help them deal with temporary balance of payments difficulties. This activity is closely linked with other efforts made by the Fund, chiefly through regular consultations with member countries and the provision of technical assistance, to bring about a more balanced international payments situation and the elimination of exchange restrictions. In general, the Fund works for freer and expanding world trade, thus helping to raise standards of living and to facilitate economic development. Members are requested to orient their fiscal and monetary policies, and their use of the Fund's resources, to these objectives.

The Fund makes its foreign exchange resources available under proper safeguards to its members to meet short-term payments difficulties. In a number of cases resources have been made available in connection with and to support major economic stabilization programmes, often in conjunction with financial assistance from other sources; furthermore, the Fund has provided compensatory financing to cover export shortfalls. Members may arrange to purchase or "draw" foreign exchange from the Fund in exchange for their own currencies in a single immediate drawing or they may obtain a stand-by arrangement assuring them of drawings of Fund resources up to a specified limit and within a specified period, if the need should arise.

Under the Articles of Agreement, members who make drawings must repurchase their own currency from the Fund (i.e., re-pay the amount drawn) with gold or convertible currencies. Fund policy requires repurchases to be made not later than 3 to 5 years after the date of drawing.

The resources of the Fund consist of members' quotas, which are paid in gold and members' currencies. Following recent quota increases under the Fourth Quinquennial Review, the Fund's holdings at the end of 1967 totalled over $21 billion. On December 31, 1967, the Fund's holdings of member currencies (including nonnegotiable, noninterest-bearing notes) were equivalent to $17,685.3 million, while gold holdings amounted to the equivalent of $3,759.5 million. The Fund's holdings of currencies convertible under Article VIII of the Fund Agreement, at December 31, 1967, amounted to the equivalent of $11,428.2 million, of which $4,739.8 million was in U.S. dollars. On that date the second largest holding of a convertible currency was in pounds sterling and was equivalent to $3,453.4 million. The Fund's holdings of Canadian dollars at the end of December 1967 amounted to 46 per cent of Canada's quota of $740 million.

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The Fund is able to supplement its resources by borrowing up to $6 billion in the currencies of ten industrialized members under the General Arrangements to Borrow (GAB) which first went into effect on October 24, 1962 and were renewed for another four years in 1965. Canada's commitment under the GAB amounts to $200 million.

As of May 25, 1967 borrowings were reduced by $405 million in connection with the United Kingdom's repurchase of the same amount; Canada's portion was reduced by $15 million.

As of December 31, 1967 the total amount borrowed under the GAB stood at $525 million, including $35 million from Canada. However, in December 1967, the participants agreed to a call for $525 million in connection with the United Kingdom's stand-by arrangement for $1,400 million. Of this amount, Canada's share is $35 million.

From the beginning of the Fund's operations to December 31, 1967, 64 members have made foreign exchange drawings equivalent to $13,745.3 million. In 1967, 29 countries obtained financial assistance from the Fund in an amount equivalent to $834.7 million, compared to drawings of $1,448.2 million during the previous year. The equivalent of $440.55 million was purchased by 22 members in accordance with existing stand-by arrangements; $198.15 million was drawn under the Decision on Compensatory Financing; other drawings totalled $196 million. (A detailed outline of drawings, or purchases of currencies from the Fund, during 1967 is contained in Tables 1-A and 1-B of Appendix A).

Drawings during 1967 were partially offset by repurchases by 32 countries of the equivalent of $914.58 million (Table II of Appendix A). From the beginning of the Fund's operations to December 31, 1967, total repurchases amounted to the equivalent of $7,376 million.

During 1967, net repurchases by other member countries of Canadian dollars decreased Canada's creditor position in the Fund from the equivalent of $263.4 million at the end of 1966 to $248.3 million on December 31, 1967.

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During 1967, the Fund entered into new stand-by arrangements with 26 countries in the total amount equivalent to $2,195.16 million. The Fund's stand-by facility is an arrangement that assures a member of its right to draw a stated amount of foreign exchange, under certain conditions over a period as long as twelve months. The Fund has granted stand-by arrangements in order to sustain confidence in currencies, to provide additional resources during seasonal difficulties, to support programs intended to stabilize economics, to provide backing for monetary reforms, and for other purposes. They are sometimes requested as a precautionary measure with little expectation that drawings will be made, and in numerous cases have expired unused. But they enable governmental authorities to administer import policies in the knowledge that a secondary line of reserves is available if needed. The Fund's stand-by support may also facilitate the negotiation of other external credit for the country's public and private sector. The amount not drawn but available under stand-by arrangements on December 31, 1967, totalled $1,803.61 million (Table III of Appendix A).

In September 1966, Executive Directors revised the compensatory financing facilities of the Fund, initiated in 1963, in order more readily to assist member countries, particularly exporters of primary goods, encountering balance of payments difficulties produced by a temporary shortfall in export receipts arising from circumstances beyond the control of the member. During 1967, drawings under the new scheme were approved for nine members.

In 1967, members of the Fund staff visited 94 countries for purposes of consultations, negotiations of stand-by arrangements, technical assistance, or informal exchange of views and information. In 18 of these countries, staff members were made available on long-term assignments. The periods of visit or assignment range from a few days to more than a year.

Discussions between the Fund staff and Canadian representatives were held in Ottawa in March 1967. These discussions were followed by consideration of the staff's report by the Fund's Executive Board in June 1967.

The Twenty-Second Annual Meeting of the Board of Governors of the Fund was held in Rio de Janeiro, Brazil from September 25 through 29, 1967. A principal focus of discussion was the "Outline of a Facility Based on Special Drawing Rights in the Fund", which was submitted to the Governors by the Executive Directors. The Outline plan was the outgrowth of four years of discussions and studies of international liquidity by the Executive Directors and staff of the Fund, by the Ministers and Deputies of the Group of Ten participants of the GAB, and in joint meetings of the Executive Directors of the Fund and the Deputies of the Group of Ten, as well as in other forums. The Managing Director of the Fund, Pierre-Paul Schweitzer, in his annual address presenting the

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Annual Report of the Executive Directors, called the plan "the most significant development in international cooperation since Bretton Woods." The Board of Governors adopted a Resolution directing the Executive Directors to submit to the Governors not later than March 31, 1968 a report proposing amendments to the Articles of Agreement and By-Laws to give effect to the facility proposed in the Outline and to improvements in the present rules and practices of the Fund based on developments in world economic conditions and the experience of the Fund since the adoption of the Articles of Agreement.

On that occasion, the Honorable Mitchell Sharp, Minister of Finance, called the establishment of the new facility, based on special drawing rights, to meet the need, as and when it arises, for a supplement to existing reserve assets a major step forward in strengthening the international monetary system. He pointed out that Canada had helped to develop the plan through close consultation with the Executive Director representing Canada on the Executive Board of the Fund and through its membership in the Group of Ten.

At the request of representatives of 13 African countries, the Malagasy Republic, and France, meeting in Dakar shortly before the Annual Meeting, an item on stabilization of the prices of primary products was added to the agenda of both the Fund and the Bank. The Dakar proposal called for a study of "the conditions in which the Fund, Bank, and IDA could participate in the elaboration of suitable mechanisms involving balanced commitments on the part of both the producing and consuming countries and devote the necessary resources thereto." The Board of Governors adopted a Resolution inviting the Managing Director to have the staff, in consultation with the Bank staff, prepare a study of the problem, its possible solutions, and their economic feasibility. This report would be transmitted by the Executive Directors with their comments to the Board of Governors, if possible at its next Annual Meeting.

Appendix A provides a more comprehensive outline of activities of the International Monetary Fund during the calendar year 1967.

THE WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)
INTERNATIONAL FINANCE CORPORATION (IFC)
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

General Review

The World Bank was founded at the Economic Conference held at Bretton Woods in July 1944 and began operations in June 1946. The Bank operates primarily by making loans, in cases where private capital is not available on reasonable terms, to finance productive investments in its member countries. At the end of December 1967 the Bank had a membership of 107 countries and a subscribed capital of $22,914 million. Only a tenth of this, however, was actually paid in. The larger part of what the Bank lends is raised by the sale of its bonds to other investors.

The Bank makes long-term loans at conventional rates of interest; when a Bank loan is made to a borrower other than a government, it must bear the guarantee of the government concerned. The Bank's first loans, made in 1947, were for European postwar reconstruction; a total of $500 million was lent for this purpose. In 1948 the Bank turned to lending for development in its poorer member countries. By December 31, 1967, it had made 527 loans totaling $10,772 million, including a loan of $100 million to its affiliate, the International Finance Corporation (IFC). These loans were made to finance projects in 82 countries or territories. The distribution of Bank lending between the regions of the world was as follows: Africa, $1,087.5 million; Asia, $3,159 million; Australasia, $520 million; Europe, $2,117 million; Middle East and North Africa, $811.7 million; Western Hemisphere, $2,918 million.

The International Finance Corporation (IFC) was established in 1956 to supplement the activities of the World Bank by encouraging the growth of productive private enterprises in less developed member countries. At December 31, 1967, IFC's share capital of $100.15 million was subscribed by 85 member countries. The Corporation had undertaken investment commitments totalling $241.3 million as of that date (see section on IFC for details).

The International Development Association (IDA) was formed in 1960. It provides finance to the poorer of the less developed countries on terms more liberal than the World Bank can offer. IDA's usable resources are in the form of subscriptions and contributions, predominantly from industrialized member countries. By December 31, 1967, IDA had extended 112 interest-free 50-year credits totalling $1,713 million to 38 countries. This virtually exhausted all usable resources available to the Association at that date.

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In 1966 Mr. George D. Woods, President of the World Bank Group, proposed that IDA's resources be replenished at a level of $3 billion payable in three yearly instalments of one billion dollars. Negotiations with contributing countries were actively pursued during the course of 1967 on the basis of which Mr. Woods submitted a new proposal in early 1968. Under this proposal the amount of the replenishment would be set at $1,200 million, payable in three yearly instalments of $400 million each. The first payment would be made in the fiscal year ending June 30, 1970. The proposal would enable IDA to increase its commitments by an average of 60 per cent annually over the level which the first replenishment of the Association's resources, agreed in 1964, was designed to achieve. It is expected that this proposal will be accepted by contributing countries and become effective in the near future.

Total loans, credits and investments by the World Bank Group for the past three years have been as follows.

	1967	1966	1965
World Bank	591.6	800.8 1/	1,167.2
IDA	68.4	477.7	196.0
IFC	38.0	54.0	22.0
	698.0	1,332.5	1,385.2

In November 1967, Mr. Robert McNamara accepted an offer from the Executive Directors of the Bank to serve as the Bank's fifth President in succession to Mr. George D. Woods, who had been President since the beginning of 1963. Mr. McNamara will assume the Presidency of the Bank Group on April 1, 1968.

Canada and the World Bank Group

Canada is a founder member of the World Bank. In addition, Canada has been a member of both IFC and IDA since their inception. During the 22 years of its active association with the Bank, Canada has played an important role as a source of both capital for the Bank's lending for economic development and of equipment and services for Bank-financed projects in member countries. Canada's role as a source of capital was particularly significant, since Canada was one of the first member countries to permit the Bank to use the local currency portion of its subscription for lending purposes, and several IBRD bond issues have been sold in Canada.

Canada's subscription to the Bank's capital amounts to $792 million or 3.46 per cent of the Bank's subscribed capital. Like other members, Canada has paid in only one-tenth of its subscribed capital. Thus Canada's actual contribution to the lendable capital of the Bank (excluding the implicit guarantee of the Bank's borrowing embodied in the uncalled portion of Canada's subscription) is $79 million.

1/ Exclusive of $100 million loan to IFC.

Canada has subscribed $3.6 million to IFC's paid-in capital of $100.15 million. Canada's initial subscription to the Bank's other affiliate, IDA, amounted to $37.83 million. Canada along with 17 other high income countries provided over $750 million in supplementary resources to IDA; the Canadian share in this total was $41.7 million.

Disbursements for Imports from Canada by Bank and IDA Borrowers

The principal material benefit derived by Canada from membership in the World Bank and IDA has been payment for goods and services supplied by Canada to Bank and IDA borrowers under loan and credit agreements requiring international competitive bidding.

Total identifiable expenditures by Bank borrowers in Canada up to December 31, 1967 was $186 million -- more than twice the amount of Canada's paid-in subscription to the Bank. The cumulative Canadian share of total identifiable Bank-financed orders was 3.1% as on that date.

The cumulative total of IDA disbursements as of December 31, 1967 was $1,196 million. Of this amount, disbursements totaling $217 million had gone to finance local expenditures or broad development programs where the source of the items imported with IDA funds was not specified. The balance of $979 million represented disbursements for imports from abroad by IDA borrowers. Canada's share in this total was $32 million or 3.2 per cent.

Canadian Personnel

An important contribution of Canada to the Bank has been the talent and energy of Canadian nationals who have served on its staff. There are 82 Canadians on the staff of the Bank. Twenty-one of these are in professional positions.

In addition, 11 Canadians are on the staff of IFC, including one in the professional category.

World Bank Borrowings in Canada

The World Bank augments its capital by selling its own bonds in the world's capital markets; it also sells loans from its portfolio to other investors as a means of promoting international investment and of recovering its own capital. By December 31, 1967, the Bank had outstanding borrowings of $3,202.7 million, mostly in the form of U.S. dollar bonds, but also including issues denominated in Canadian dollars, Belgin francs, Deutsche marks, Italian lire, Netherlands guilders, pounds sterling, Swedish kronor and Swiss francs.

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Prior to December 31, 1967, the Bank had offered six bond issues totaling $111 million in the Canadian market through a large group of investment dealers and banks headed by Wood Gundy Securities Limited, Dominion Securities Corporation and A.E. Ames & Co. Limited. After giving effect to retirement through maturities and sinking funds, approximately $75.6 million were outstanding on December 31, 1967. 1/

Canadian investors have also purchased World Bank bonds sold in markets outside Canada and in addition several Canadian institutions have bought portions of loans from the Bank's portfolio, or have participated in Bank loans at the time they were made.

Trend and Outlook in Development Finance

The last Annual Report of the World Bank and IDA, which was presented to the Annual Meeting of the Board of Governors in September 1967, stated that the average growth rate of developing countries as a group in the 1960s had been slightly higher than in the previous decade and nearly as high as that of industrial countries. Because of higher birth rates, however, their average per capita growth in the 1960s had been only 2.3 per cent. This assessment was based on preliminary estimates by the Bank staff. Rates of growth in Gross Domestic Product had varied widely from country to country and region to region, averaging 7 per cent in Southern Europe and in the Middle East, 5 per cent in East Asia, 4.7 per cent in Latin America, 3.6 per cent in Africa and 3.2 per cent in South Asia.

The Report pointed out that many of the developing countries had strengthened their ability to make effective use of development capital. They had adopted more effective policies for domestic resource mobilization, the encouragement of private investment and production, the programming of government investments, the regulation of exchange rates and the promotion of trade. There was wide recognition of the need for emphasizing the expansion of agricultural production and the control of population growth in some countries where this was an acute problem.

The Report suggested, however, that the volume of foreign exchange available for development was too small to take full advantage of such improvements in economic performance in the developing countries, and that a heavy strain had been placed on these countries by the rapid increase in their debt-service burden. Measured against the average of the previous five years, 1966 figures show an increase of about $400 million in official assistance. This resulted from expanded aid programs of a number of sources of

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1/ In January 1968 the Bank sold in Canada a new issue of $15 million, 7 per cent Twenty-Five Year Bonds. It was offered to the public at 97.50 to yield 7.22 per cent.

assistance, in particular Australia, Canada, Denmark, Japan and Sweden. There had been no increase since 1961, however, in the amount of aid provided by the four largest donors.

Addressing the 1967 Annual Meeting of the Bank Group, the Honorable Mitchell Sharp, Canadian Minister of Finance stated:

"In the richer countries, which are able to afford to share their good fortune, budgetary problems and balance of payments difficulties do exist, will probably continue to exist and must be overcome. It is always tempting to go slow on aid as one of the easiest and quickest ways to help restore equilibrium. And yet, as I said at last year's Meeting, it should not be beyond our capacity to manage our affairs in such a way as to effect these transfers of aid without undue strain on our economies. There will be agreement, I am confident, that the war against starvation, sickness, ignorance and poverty in less fortunate parts of the world should be continuous and escalating. This will not be possible if the level of aid is to be treated as a residual item in national planning.

"Canada attaches the highest importance to the early replenishment of IDA at a substantially higher level. This support is consistent with my Government's decision, made some time ago, to undertake steady increases in the Canadian aid program. This decision has only recently been reaffirmed despite the efforts which we shall be making by budgetary policies and otherwise to limit the upward pressures on costs and prices to which I have already referred. We rank aid among our highest priorities and we are determined to follow policies that will release the required resources."

In a speech delivered in Stockholm, Sweden, in October 1967, Mr. George D. Woods, President of the World Bank proprosed that the governments of the developed countries should invite a dozen or more leading world experts in the field of development to study the consequences of the past twenty years of development assistance, assess the results, clarify the errors, and propose policies which would work better in the future. The Bank offered to help organize and finance this study, which it was hoped, would assist in laying the essential groundwork for development policy for the 1970's.

Mr. Woods added "Such a 'grand assize' -- judging the world's record and prospects of growth -- should in any case precede any attempt to round off our faltering 'Decade of Development' with a genuine reformulation of policy."

Addressing the United Nations Conference on Trade and Development in New Delhi, India, in February 1968, Mr. Woods referred to the problems facing less developed countries and said:

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"Every developing country, by definition, is still nation-building. Its main task is to become truly independent -- not in a narrowly nationalistic sense, but in the sense that it is making the most of its resources for the good of its people, and that the nation itself, far from being dependent for direction and momentum on external forces, is a self-starting society in which the individual citizen has opportunity to develop his own creative and constructive possibilities.

"Many countries fail to meet this ideal by the simplest possible test: they cannot feed themselves. I do not contend that any nation can or should achieve perfect, self-contained sufficiency in agriculture. But about 40 developing countries are net importers of food. The underdeveloped world imports four and one-half billion dollars worth of food a year. So long as the poorer nations must continue to spend large amounts of precious foreign exchange on food imports, they are going to have to skimp on imports of the capital goods needed for development. It is abundantly clear that the underdeveloped countries must achieve much greater agricultural productivity if they are going to become modernized.

"This is no less true for being trite; and trite as it is, it is a lesson that many of the less developed countries are just beginning to learn. But an increasing number at last are devoting to agriculture some of the attention that it deserves, in the form of investment, research, incentives and supports to production. Some have already learned how great are the dividends paid by a virile and healthy agricultural sector. For the future, important scientific advances are to be expected in agriculture; and the countries which now effect the necessary institutional and policy changes can be optimistic about the chances of beating back hunger and increasing their rate of economic growth.

"If one hallmark of the less developed countries is that they are hungry, another is that they have the highest rates of population increase in the world. As an exercise in simple division, this depresses per capita income and standards of living. Even in countries not now over-peopled, the rapid growth in numbers works further damage to the dynamics of development: at the same time that it greatly increases a society's needs for the bare necessities of food, shelter and clothing, and for capital investment in schools, hospitals and elementary services, it seriously diminishes the ability to produce a surplus, to save and to invest in the expansion of production and the growth of income."

Referring to the task facing the developed countries, Mr. Woods said: "The high-income countries, no less than the developing ones, stand in need of a new perspective. For them the time is <u>later</u> than they seem to think. The world is already well on the way to new extremes in the imbalance of population and income. The swift movement of these trends is not being adequately

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recognized in the priority accorded to development finance among the other claims on the energies and resources of the high-income countries.

"Changes in population have been striking since the end of World War II and are proceeding at an accelerating speed. Only a little more than 30 years from now, for instance, Brazil will be as populous as the United States or the Soviet Union is today, and at the same time, in the year 2000, the Philippines will be bigger than any country of Western Europe. The proportion of the world's population that lives in less developed countries, as compared with the number living in high-income countries, today is about two to one. Present trends would raise the ratio as high as three to one by the end of this century.

"While the populous countries are rapidly becoming more populous, it is likely that the prosperous countries will go on becoming much more prosperous. On the basis of reasonable estimates, the gross national products of the high-income countries, which today total around $1,500 billion, will at least quadruple, to a figure of $6,000 billion or more by the end of the century.

"The inescapable conclusion is that if we are to prevent an intolerable economic and political fission of the world, the development of the poorer countries requires a more effective and constructive participation of the developed nations on a high-priority basis."

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The year 1967 witnessed a continuation of the World Bank's intensive efforts to accelerate economic growth in the less developed countries. While carrying on its financing of infrastructure projects -- particularly in the electric power and transportation sectors, which have each received about one-third of its lending to date -- the Bank together with its affiliates, the International Development Association (IDA), and the International Finance Corporation (IFC), paid increased attention during the year to agriculture and related activities. A high proportion of employment and export earnings in less developed countries is generated by the agriculture sector, and failure of food production to keep pace with population growth has acted as a major constraint on economic development. In 1967, for the first time in many years, the Bank's lending for agriculture was more than for any other single purpose.

In addition, particular attention was given by IFC, the Bank's affiliate for assisting industry, to the possibilities of expanding chemical fertilizer production in the developing countries. The availability of fertilizer to the farmer, at an economic cost, makes possible a particularly rapid gain in agricultural output; its effective use offers the best hope for a breakthrough in the developing countries' food production.

The Bank continued to emphasize the importance for the developing countries of improvements in their education systems. The Bank's own lending for education facilities will always be a small part of total expenditure on education. The Bank has therefore tried to apply its assistance where it will have the greatest multiplier effect. It has concentrated on the middle levels of education; mainly projects for modernizing and expanding secondary education, for technical training useful in industry, commerce and agriculture, and for primary and secondary school teacher training.

Like other institutions, the Bank encountered money-raising problems in 1967. Competing demands for capital in the developed countries made it more difficult and more costly to obtain finance by borrowing. During the year, the Bank sold issues of securities totaling $724 million. Of these, issues totaling $547 million were for new money, and refunded issues amounted to $177 million. The new money issues consisted of public offerings in Sweden, Switzerland, and the United States and two short-term international offerings made primarily to central banks. The offering in Sweden was the first by the Bank in the Swedish market.

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The cost of funds obtsined in capital markets moved upwards during the year. The average interest cost on all Bank issues was 5.56 per cent, compared with 5.46 per cent in the previous year. During 1967, the Bank continued to make new loans in the less developed countries at the 6 per cent lending rate adopted in February 1966, though the question of the Bank's lending rate in this period of rising cost of new borrowings was under review. Early in 1968 the rate on Bank loans was raised to 6.25 per cent.

Lending Operations in Calendar 1967

During 1967, the Bank made loans totaling $591.45 million. This compares with lending of $900.8 million in 1966 and $1,167.2 million in 1965, and brought total lending since the Bank began operations in 1946 to $10,772 million. 1/ The following tables summarize the Bank's lending during the year by area and purpose:

BANK LOANS BY AREA

Calendar 1967

Area	Amount (Millions of U.S. Dollars)
Middle East and North Africa	59.00
Africa	66.75
Asia	224.40
Europe	73.30
Western Hemisphere	168.00
	$591.45

1/ Net of cancellations, refundings and terminations. Lending in January 1968 was at an exceptionally high monthly level of $189.5 million.

BANK LOANS BY PURPOSE

Calendar 1967

Purpose	Amount (Millions of U.S. Dollars)
Transportation	97.50
Electric Power	111.75
Industry	144.50
Agriculture	164.70
Telecommunications	60.20
Water Supply	8.00
Education	4.80
Project Preparation	-
	$591.45

A description of and comments on, Bank lending in 1967 will be found in Appendix B.

Coordination of Development Assistance

One of the lessons which emerged from the reappraisal of development policies carried out by the United Nations at the end of the first half of the Development Decade was that there must be more international coordination to eliminate wasteful overlapping of development assistance and to ensure that the funds available are used to the best possible effect. The preconditions for the successful working of aid coordinating groups are that the developing countries for which these groups are formed should be attempting earnestly to improve their economic performance and that the donor countries should recognize a responsibility for using their best efforts to assure that a recipient country, given good performance on its part, will receive financial support on an adequate scale and suitable terms.

The World Bank's efforts in the aid coordination field began in the summer of 1958, when a group of governments and institutions including Canada, met under the chairmanship of the Bank to consider action to assist India. This group became known as the India Consortium. Two years later a Consortium was organized for Pakistan. By the end of 1967 similar arrangements, although rather less formal in character and known as Consultative Groups, had been organized under the Bank's chairmanship for Colombia, Korea, Malaysia, Morocco, Nigeria, Peru, the Sudan, Thailand and

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Tunisia. The groups for Peru, Nigeria and the Sudan, however, had been inactive for some time. In addition, a special group consisting of countries and institutions interested in assisting Ceylon has met each year since 1965. Nineteen capital-exporting countries are associated with one or more of these groups. Canada is associated will 11 of the 12 groups organized by the Bank.

The Bank assumes several responsibilities in its role as chairman of the various coordinating groups. On the one hand, the Bank attempts to provide information and objective judgments, based on extensive field work, to assist donor countries in their deliberations. On the other, it assists the developing country wherever possible to assess its needs and to take measures required to use assistance effectively. For the members of a Consortium or consultative group, the Bank prepares periodic comprehensive reports on the recipient country's development possibilities, problems and performance. It comments on the country's own estimate of its aid requirements and recommends the type and terms of aid which seem appropriate. When requested to do so, the Bank assists the recipient country in preparing or revising its development program and in resolving problems of execution. It may also help to arrange feasibility studies, determine requirements for other forms of technical assistance, identify projects and establish an order of priority for investments.

The chief development in the field of aid coordination in 1967 was the increased role of, and the heavy burden placed upon, the India Consortium. Through the Consortium it was possible, during the Bank's fiscal year ended June 30, 1967, to organize non-project aid for India totaling $900 million. On the Consortium's behalf the Bank was active in trying to find a solution to India's debt-service difficulties. The Bank also undertook to coordinate through the Consortium efforts to assist India in meeting exceptional import requirements arising from the drought of the previous two years and the consequent serious shortage of food grains in several regions of the country. At the November 1967 meeting of the Consortium, members particularly welcomed India's progress in the modernization of agricultural production and the forecast of a good harvest, with foodgrain production during the 1967/68 agricultural year estimated to reach a record total of 95 million metric tons. Members also welcomed the important emphasis being given to programs of export promotion and family planning and indications that those programs would be further intensified during the following year.

The Pakistan Consortium met in June and examined the levels of project and non-project aid (including fertilizer imports) which might be appropriate for the Consortium to provide during 1967/68. Discussions about joint financing of the construction of the Tarbela Dam on the Indus River in West Pakistan were held under the aegis of the Consortium. The Bank indicated its willingness to administer the fund to be set up to finance this exceptionally large project.

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Tarbela is the second major dam being constructed under the program to develop the water resources of West Pakistan initiated in 1960. The other, the Mangla Dam, was completed during 1967. The construction of Mangla, together with the associated complex of barrages, canals and other works, was financed by eight countries, including Canada, and the World Bank and IDA through the Indus Basin Development Fund, of which the Bank is Administrator.

Growing experience with the problems associated with the coordination of aid has shown that a useful degree of coordination can be achieved by various methods, of varying degrees of elaborateness. To achieve maximum effectiveness it is essential, in the Bank's experience, to maintain a flexible attitude. This has been demonstrated in several instances. For example, at the meeting of the Consultative Group for Tunisia in March 1967, the Bank undertook to form a sub-group to discuss sector problems in Tunisian agriculture. The Bank agreed to assign staff to organize this work.

For some time the Bank has been experimenting with arrangements for combining its own loans with bilateral export credits in such a way as to bring about the most economical procurement of goods and services and the financial terms most appropriate to the projects and the developing countries concerned. During 1967 the Bank sponsored meetings with representatives of Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States at which the applicability of joint financing techniques was discussed and certain proposals for joint financing of projects in Mexico and Colombia were considered.

Technical Assistance

The provision of technical assistance to member countries has become an integral part of the World Bank Group's activities. Most developing countries need assistance in identifying and preparing projects. They may also require help in carrying out many other tasks essential to their development: analyzing their economies, formulating appropriate development policies, establishing effective development institutions, preparing investment programs, studying sector development, listing project and other priorities, determining the feasibility of individual projects or finding solutions to particular problems. The Group has been requested or found it necessary to advise on all these, and other, matters at some time or another over the years.

Most of the Group's technical assistance is provided in the normal course of its financing activities. Advice on project preparation, for example, is frequently given by staff members during the appraisal of projects for which applications for finance have been received. This advice may relate to any matter affecting the

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successful execution and operation of a project, from the design of a plant to the institutional arrangements for the project's management and organization. Similarly, as a result of its regular studies of member countries' economies, the Bank is often able to advise governments on policy and other questions relating to development.

In addition, the Bank provides to member countries a variety of services not immediately connected with loan operations. For countries that require outside help, including financial assistance, to establish priorities for investment in major economic sectors, or to prepare development projects, the Bank assists in various ways. The Bank normally encourages governments to look to the United Nations Development Programme (UNDP) for financing sector and feasibility studies. The Bank, however, continues to act as Executing Agency for a number of UNDP studies. In this capacity the Bank helps to organize the study, negotiates the terms of reference with the government and the UNDP, employs consultants to carry out the study, supervises the work in the field, and evaluates the resulting report. When the foreign exchange cost involved is $200,000 or less, the Bank may itself finance the study through a grant. When larger amounts are involved, if UNDP financing is either not available or inappropriate, and if the country is eligible for IDA assistance, the foreign exchange cost of a study can be met by an IDA technical assistance credit.

In 1967, the Bank agreed to act as Executing Agency for the following UNDP studies:

Country	Object of Study	UNDP Allocation
Botswana	Shashi River Project	$125,000
Brazil	Transport Survey Phase II	1,730,000
Burundi-Tanzania	Bujumbura-Kigoma Road	359,000
Chile	Railway Organization and Operation	911,000
Costa Rica	Transport Survey of Metropolitan Area of San Jose	433,100
Dahomey	Land Transport Survey	558,000
Ghana	Studies of two trunk roads	426,000
Kenya, Tanzania, Uganda	East Africa Transport Survey	675,000
Malaysia	Transport Survey	1,315,100
Mali	Transport Survey	204,000
Nigeria	Transport Survey of Midwestern Nigeria	297,000
	Total	$7,033,200

In 1967, the Bank itself allocated $596,000 to help finance the following studies: highway planning and maintenance in Ceylon; feasibility of ports of Moin and Puntarenas in Costa Rica; and re-organization of public services for agriculture in Morocco.

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The Bank continued to help member countries to identify agricultural and education projects by drawing on the expertise of the FAO and Unesco through its Cooperative Arrangements with these two organizations. Assistance in meeting the urgent and special problems of African countries was again provided by the Bank's two Permanent Missions on that Continent and by the Agricultural Development Service.

Advisory Assistance:

The Bank's advisory work in the field of development planning has been expanded. During the year, Bank staff members visited Ethiopia, Ghana, Haiti, Iceland, Ivory Coast, Mauritania, Morocco and the Sudan to provide advisory assistance to governments in evolving suitable organizations for formulating and implementing development programs. A Bank staff member was seconded to advise on project preparation and planning in Peru. Similar advisory assignments were completed in Libya, Nigeria, the Sudan and Tunisia. The Bank has continued to maintain resident representatives in India and Pakistan. The Bank resident representative in Ethiopia ended his term of service during the year.

Economic and Other Studies:

In 1967, Bank staff completed a study of the nature, use and effects on development of suppliers' credits, undertaken at the request of UNCTAD. The study suggested various ways to help increase the usefulness of suppliers' credits as an instrument of international finance, while avoiding the debt crises and other problems resulting from excesses and abuses in their use.

A study of the successes and failures of agricultural development programs in tropical Africa, entitled "Experiences with Agricultural Development in Tropical Africa", was published in 1967.

Work continued, in conjunction with FAO and the International Coffee Organization, on the study to examine the need of the main coffee-producing countries to diversify into other lines of production and to identify the possibilities for such diversification.

At their Annual Meetings in September 1967, the Board of Governors of the Bank and the International Monetary Fund adopted resolutions requesting their respective institutions to carry out a study of the problem of stabilizing prices of primary products, and the possible role each institution might play in finding solutions to that problem. The Bank organized a team of experts headed by its Director of Special Studies to undertake a study, in consultation with the IMF.

A study completed in 1966 by the Bank staff at the request of the United Nations Conference on Trade and Development (UNCTAD) on "Supplementary Financial Measures" was discussed at meetings of a special inter-governmental working group set up to examine the

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scheme by the Committee on Invisibles and Financing Related to Trade of the UN Trade and Development Board. Under the Scheme, supplementary finance would be provided to support development programs that would otherwise be disrupted by the failure of export earnings to come up to reasonable expectations.

During the year, a draft of a multilateral investment insurance scheme, prepared by the staff of the Bank, was discussed by the Executive Directors. The Scheme provides for insuring new foreign private investment made in a developing country against risks of a non-commercial nature. The study, also requested by UNCTAD, is based on earlier work done by the Organization for Economic Cooperation and Development (OECD).

Settlement of Investment Disputes

By the end of 1967, 55 countries had signed and 37 countried had ratified the Convention setting up the International Centre for Settlement of Investment Disputes (ICSID), which was sponsored by the Bank in the belief that the availability of facilities for the settlement of investment disputes between foreign investors and governments would assist in improving the flow of private capital to the developing countries. Wide interest has been shown in the Centre by actual and potential investors since it was established in October 1966. A number of investment agreements entered into force during 1967 or were under negotiation which provide for disputes between foreign investors and governments to be submitted to the Centre.

Economic Development Institute

The Economic Development Institute (EDI) was established in 1956 as a staff college for training senior officials concerned with economic affairs in the less developed countries. By December 1967, about 800 officials from 100 countries had participated in the various courses offered by EDI.

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INTERNATIONAL DEVELOPMENT ASSOCIATION

IDA's purpose is to promote economic development in the less-developed areas of the world within its membership, in particular by providing finance to meet important developmental requirements on terms that are more flexible and bear less heavily on the balance of payments of the borrowing countries than conventional loans. IDA credits are free of interest, except for a service charge of 3/4 of 1 per cent. They are repayable in 50 years, with a grace period of 10 years before repayment begins.

Only IDA's financing terms, however, are concessionary. Credits have been provided solely for high priority projects which have first been appraised with the same thoroughness as projects assisted by conventional loans from the World Bank. They have been confined to countries with per capita incomes of $250 a year or less.

Because of the easy terms on which it provides finance, the Association is primarily reliant on the governments of its richer member countries for its resources. The bulk of its funds has been contributed by 18 governments referred to as Part I countries. In addition, the Bank has made transfers to IDA from its net income.

Lending Operations in Calendar 1967

IDA commitments during the calendar year 1967 amounted to $68.35 million, against $477.7 million in calendar 1966, reflecting the approaching exhaustion of the resources available to the Association. The following tables summarize IDA lending in 1967 by area and purpose:

IDA CREDITS BY AREA
(Millions of U.S. Dollars)

Mid-East and North Africa	$ 9.00
Africa	44.60
Asia	12.75
Western Hemisphere	2.00
	$68.35

IDA CREDITS BY PURPOSE
(Millions of U.S. Dollars)

Agriculture	$29.00
Transport	21.30
Education	16.30
Water Supply	1.75
	$68.35

A description of, and comments on, IDA operational activities in 1967 will be found in Appendix B.

INTERNATIONAL FINANCE CORPORATION

IFC provides equity and loan capital for private projects in its developing member countries without government guarantee. It derives its resources from the paid-in capital subscriptions of its member countries, from its net earnings and, recently, from funds lent to it by the World Bank.

IFC's subscribed capital was $100.15 million at the end of 1967; authorized capital is $110 million. 1/ Of IFC's capital, Canada has subscribed $3.6 million. Net income of IFC in 1967, after operating expenses, was $5.61 million. These earnings, as previously, were credited to a reserve against losses. Including a $100 million loan from the World Bank, total resources available to the Corporation rose in 1967 to approximately $319 million against $300 million at the end of 1966, while uncommitted funds as of December 31, 1967, were $89.6 million compared with $109.4 million a year earlier.

Commitments made by the IFC in the calendar year 1967 amounted to approximately $38.0 million. On December 31, 1967, the cumulative total of gross commitments entered into by IFC was approximately $241.3 million. Transactions in 1967 numbered 14 and were made in 10 countries. The Corporation has made a total of 145 commitments in 36 countries. The following Table summarizes IFC's investments, by geographical area, in 1967 and for the period from its establishment in 1956 through 1967:

($ millions)

Less developed member countries of:	1967		1956-67	
	No. of Investments	Amount	No. of Investments	Amount
Africa	2	9.87	18	38.95
Australia, Asia and Middle East	3	20.13	30	65.67
Europe	1	.34	18	17.02
Western Hemisphere	8	7.65	79	119.64
TOTAL	14	37.99	145	241.28

1/ Guyana, with a paid-in subscription of $89,000 became a member of IFC in January; Viet-Nam, with a paid-in subscription of $166,000, joined the Corporation in August; and Mauritania became a member in December with a paid-in subscription of $55,000.

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IFC Policies and Practices

The International Finance Corporation was established in 1956 as an affiliate supplementing the work of the International Bank for Reconstruction and Development (World Bank). It assists less developed member countries by helping them to promote the private sector of their economies. Canada is a founding member.

IFC's principal objectives are to provide risk capital for productive private enterprises, in association with private investors and management; to encourage the development of local capital markets; and to stimulate the international flow of private capital.

The Corporation makes investments in the form of share subscriptions and long-term loans, carries out standby and underwriting arrangements, and provides financial and technical assistance to privately controlled development finance companies. It neither requires nor accepts government guarantees in its operations. Generally, the Corporation invests on a mixed equity and loan basis, looking to other investors to provide the bulk of the funds required for any given project.

At the end of 1967, IFC had 85 member nations. It has a multinational staff of 151 of which 11 are Canadians.

IFC was again active in 1967 as the main link between the World Bank Group and private enterprises. IFC's responsibilities included the appraisal of investment proposals submitted to the Group by industrial and mining enterprises as well as development finance companies. The Corporation took the lead for the Group in discussions with private investors and governments concerning the financing of fertilizer production in the developing countries as part of a coordinated effort by the Group to raise world food production.

As part of its efforts to stimulate the flow of private capital and to revolve its funds, the Corporation, during 1967, sold or agreed to sell $7.0 million of loan and equity commitments. This brought to $44.9 million the cumulative total of IFC commitments taken over by other investors as of December 31, 1967. In addition other investors acquired $1.0 million of securities covered by IFC standby and underwriting commitments, raising the cumulative total in this respect to $18.9 million. Private institutional investors in several countries, including the United States, United Kingdom, Germany, Switzerland and Kuwait purchased portions of IFC investments, either at the time of the initial commitment or subsequently from the Corporation's portfolio. The securities sold by IFC included investments in Argentina, Brazil, Chile, Colombia, Ecuador, Ethiopia, India, Malaysia, Mexico, Nigeria, Pakistan and the Philippines.

Canadian companies have supplied equipment and acted as consultants for various IFC projects.

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APPENDIX A

International Monetary Fund

Fund Transactions in 1967

A detailed summary of purchases during 1967 totalling $834.70 million is given in Table I-A. Of the total purchases made in 1967, $113.6 million were in U.S. dollars compared with $158.8 million in 1966; the equivalent of $247.15 million in pounds sterling; $10 million each in Argentine pesos, South African rand, Swedish kronor, and Venezuelan bolivares; $50.45 million in Australian dollars; $24 million in Austrian schillings; $22 million in Belgian francs; $25 million in Brazilian new cruzeiros; $30 million in Canadian dollars; $5 million each in Danish kroner and Malaysian dollars; $89.75 million in deutsche mark; $81.97 million in French francs; $12.50 million in Irish pounds; $46 million in Italian lire; $0.53 million in Japanese yen; $9 million in Mexican pesos; $14 million in Netherlands guilders; and $18.75 million in Norweigan kroner. Five new currencies were drawn for the first time: Brazilian new cruzeiros, Irish pounds, Malaysian dollars, South African rand and Venezuelan bolivares. A detailed statistical summary is provided in Table I-B.

Drawings during 1967 were partially offset by repurchases by 32 countries of the equivalent of $914.58 million (Table II). From the beginning of the Fund's operations to December 31, 1967, total repurchases amounted to the equivalent of $7,376 million. During 1967, the Fund entered into new stand-by arrangements with 26 countries in the total amount equivalent to $2,195.16 million. The amount not drawn but available under stand-by arrangements on December 31, 1967, totalled $1,803.61 million (Table III).

Any drawing or stand-by arrangement exceeding 25 per cent of a member's quota within any 12-month period (except to the extent that the Fund holds less of the member's currency than 75 per cent of its quota), and any drawing or stand-by arrangement which would increase the Fund's holdings of that currency to more than 200 per cent of the quota, require - under Article V, Section 4, of the Articles of Agreement - the grant of a waiver in favor of the member. Waivers under Article V of the Fund Agreement were granted in connection with all of the stand-by arrangements made in the period under review except for Brazil and Turkey. Waivers were also granted in the cases of drawings under the Decision on Compensatory Financing by Ceylon and Iraq and in the cases of other drawings by Burma and Iraq.

The schedule of Fund charges on purchases of exchange, which was last revised as of May 1, 1963, is shown in Table IV.

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General Arrangements to Borrow

The Fund's General Arrangements to Borrow enables the Fund to supplement its resources by borrowing up to $6 billion in the currencies of ten industrial members (Belgium, Canada, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States). These arrangements first went into effect on October 24, 1962, for a four-year term and in 1965 were renewed for another four-year period. These arrangements will be reviewed in the light of further experience prior to October 1968.

General Arrangements to Borrow

as at December 31, 1967

(In Millions of U.S. Dollars)

Participant	Maximum Amounts of Credit Arrangements	Net Amounts Borrowed	Balance Available Under Credit Arrangements
Belgium	$ 150	$ 37.5	$ 112.5
Canada	200	35.0	165.0
Deutsche Bundesbank	1,000	167.5	832.5
France	550	140.0	410.0
Italy	550	65.0	485.0
Japan	250	25.0	225.0
Netherlands	200	37.5	162.5
Sveriges Riksbanks	100	17.5	82.5
United Kingdom	1,000	-	857.1
United States	2,000	-	2,000.0
	$6,000	$525.0	$5,332.1 1/

1/ Since commitments are specified in amounts of national currency, the United Kingdom commitment fell to $857 million with the devaluation of sterling in November 1967.

Gold Subsidies

The gold subsidy programs of the Governments of Australia, Canada, the Philippines, Rhodesia and South Africa, discussed in previous reports, have continued in operation during the past year.

Gold Transactions Service

Since the inauguration of the Fund's gold transactions service in March 1952, the central banks of 26 member countries and 5 international organizations have purchased or sold gold through the facilities provided by the Fund. In all, 121 transactions amounting to some $1,093 million, have taken place since March 1952. There were no transactions in 1967.

Membership

Fund membership rose to 107 during 1967 with the re-admission of Indonesia on February 21, 1967, with a quota of $207 million, and the admission of The Gambia on September 21, 1967, with a quota of $5 million. The Board of Governors approved the terms and conditions for the admission of Botswana to membership. Applications for membership from Lesotho and Malta were also under consideration at the end of the year. The aggregate of Fund quotas on December 31, 1967 was $20,987.55 million.

Article VIII

Three countries accepted the obligations of Article VIII, Sections 2, 3, and 4, of the Fund Agreement during 1967: Denmark, with effect from May 1, 1967; Norway, with effect from May 11; and Bolivia, with effect from June 5. This brings to 31 the number of members that have rendered their currencies convertible under the Articles of Agreement.

Annual Meeting 1967

The Twenty-Second Annual Meeting of the Board of Governors of the Fund was held in conjunction with the Annual Meeting of the Board of Governors of the Bank, IFC, and IDA in Rio de Janeiro, Brazil from September 25 through 29, 1967 under the chairmanship of the Governors for Norway: Erik Brofoss, Governor of the Fund, and Kare Willoch, Governor of the Bank, IFC, and IDA.

A principal focus of discussion was the "Outline of a Facility Based on Special Drawing Rights in the Fund", which was submitted to the Governors by the Executive Directors. The President of Brazil, His Excellency Arthur da Costa e Silva, in his welcoming address to the delegates, referred to the consideration of the Outline as "a moment of maturity for the international community... Though the international monetary system has functioned with great efficiency in the postwar period, there exists today the firm belief that the moment has come when the level of international reserves can not longer be the unforeseen result of the vagaries of gold production, or ad hoc measures, but must be the object of deliberate decision as will be registered at this meeting, 23 years after the first one was held at Bretton Woods."

The Outline plan was the outgrowth of four years of discussions and studies on international liquidity by the Executive Directors and staff of the Fund, by the Ministers and Deputies of the Group of Ten industrial countries which are participants in the General Arrangements to Borrow, and in joint meetings of the Executive Directors and the Deputies of the Group of Ten, as well as in other forums. The Managing Director of the Fund, Pierre-Paul Schweitzer, in his annual address presenting the Annual Report of the Executive Directors, called the plan "the most significant development in international financial cooperation since Bretton Woods." At the end of their discussion, the Governors adopted a Resolution requesting the Executive Directors to proceed with their work relating to both

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the establishment in the Fund of a new facility on the basis of the Outline in order to meet the need, as and when it arises, for a supplement to existing reserve assets and to improvements in the present rules and practices of the Fund based on developments in world economic conditions and the experience of the Fund since the adoption of the Articles of Agreement. The Resolution further directed the Executive Directors to submit to the Board of Governors, not later than March 31, 1968, a report proposing amendments to the Articles of Agreement and the By-Laws to give effect to their proposals and recommendations.

Another matter that received close attention from the Governors, especially those from developing countries, was the stabilization of the prices of primary products. At the request of representatives of 13 African countries, the Malagasy Republic, and France meeting in Dakar shortly before the Annual Meeting, an item on that subject was added to the agenda of both the Fund and the Bank. The Dakar proposal called for a study "of the conditions in which the Fund, Bank, and IDA could participate in the elaboration of suitable mechanisms involving balanced commitments on the part of both the producing the consuming countries and devote the necessary resources thereto." The Board of Governors adopted a Resolution inviting the Managing Director to have the staff, in consultation with the Bank staff, prepare a study of the problem, its possible solutions, and their economic feasibility in the light of the foregoing. This report would be submitted to the Executive Directors for transmittal with such comments as they may have to the Board of Governors for consideration and appropriate decision by the Board, if possible at its next Annual Meeting. A parallel resolution was adopted by the Board of Governors of the Bank.

Other topics discussed by the Governors included the world economic situation; the balance of payments adjustment process; interest rates; methods to achieve an appropriate combination of policies for fostering satisfactory economic growth within a framework of domestic and external stability; problems of the developing countries, including debt servicing, terms of trade, and resources for development; and the Fund's facility for compensatory financing of export fluctuations.

At the Closing Session, the Governor for Ceylon was elected Chairman for the following year and the Governors for Dahomey and Turkey were elected Vice-Chairmen. The Twenty-Third Annual Meeting of the Board of Governors will be convened in Washington, D.C. on September 30, 1968.

Facility Based on Special Drawing Rights in the Fund

In addition to the parallel discussions held by the Fund and the Group of Ten concerning international liquidity, joint meetings between the Executive Directors of the Fund and the Deputies of the Group of Ten were held as proposed at the 1966 Annual Meeting of the Board of Governors. The first of these meetings was in Washington in November 1966, followed by meetings in London in January 1967, Washington again in April, and Paris in June. Out of all these discussions and related staff studies there emerged the Outline of a Facility Based on the Establishment of Special Drawing Rights in the Fund, which was approved by the Executive Directors for submission to the Board of Governors in Rio de Janeiro.

This facility, as envisaged by the Outline, is to be a part of the Fund and is intended to meet the need, as and when it arises, for a supplement to existing reserve assets. The new reserve asset will be in the form of special drawing rights, which will be available to all members of the Fund on a nondiscriminatory basis. They will be allocated according to an objective criterion of economic size, for which quotas in the Fund have been selected.

The liquidity to be created will be in unconditional form, but a participant would be expected to use its special drawing rights only if it had a balance of payments need or if developments in its total reserves justified the use. Moreover, members must not make excessive use of the special drawing rights allocated to them: during the first five-year period, participants would so use and reconstitute these as to ensure that their average holdings over that period would be at least 30 per cent of their allocation.

The new rights are to be administered in a Special Drawing Account. The operations and transactions, as well as the assets and liabilities of the present Fund, are to be kept separate from any of those of the new facility. The underlying strength and value of the special drawing rights will derive from the obligation of participants to provide currency in exchange for them. Each participant will be bound to accept, against convertible currency, special drawing rights from other participants to a point where its total holdings are equal to three times the amount of its allocation.

Decisions to allocate special drawing rights would be taken at rather long intervals, probably for a period of five years at a time. They would be made on the basis of proposals by the Managing Director of the Fund concurred in by the Executive Directors. These decisions would be taken in the Board of Governors by an 85 per cent majority of the total voting power. Perhaps more importantly, before formulating any proposal the Managing Director is to follow a consultative procedure in order to make certain that none is submitted without the assurance of very broad support.

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The Fund is now engaged in converting the Outline into a legal instrument in the form of amendments to its Articles of Agreement. At the same time it is considering possible improvements in its present rules and practices based on the experience and developments of the past twenty years. To enter into force, the amendments will require approval by the Board of Governors and subsequent ratification by three-fifths of member countries having four-fifths of the total voting power. At that point a mechanism will exist that may be activated as the international community deems necessary to counter any global insufficiency of reserves.

Exchange Restrictions

The Eighteenth Annual Report on Exchange Restrictions published in July 1967 reviewed developments in exchange restrictions and related fields and presented individual "country surveys" for the Fund's members and some other countries.

Consultations in 1967

Member countries which avail themselves of the transitional arrangements in Article XIV, Section 2, of the Fund Agreement are required to consult with the Fund annually on the retention of exchange restrictions. The 16th series of such consultations began in April 1967. As in earlier years these consultations provided valuable opportunities for collaboration between the Fund and its members. In addition to reviewing the economic and financial problems which have given rise to restrictive and discriminatory practices, some of the consultations have covered the initiation or renewal of stand-by arrangements with the Fund, the simplification of exchange systems, and other matters of mutual interest to the member and the Fund. Discussions have also been held with members of the Fund which have accepted the obligations of Article VIII, Sections 2, 3, and 4, of the Fund Agreement. These discussions have not only enabled the Fund to maintain close contact with all its members but also have allowed a regular exchange of views on monetary and financial developments, thus providing the machinery for cooperation on international monetary problems. These consultations involved discussions in the member countries concerned. Consultation discussions between the Fund staff and Canadian representatives were held in Ottawa in March 1967, and were followed by discussion of the staff's report by the Fund Executive Board in June 1967.

Quotas

At the end of 1967, 92 members had increased their quotas under the two Resolutions of the Board of Governors relating to "Increases in Quotas of Members -- Fourth Quinquennial Review", adopted effective March 31, 1965, which provided for a general increase of 25 per cent for all members and special increases for

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16 members, including Canada. Another member had also given its consent to the increase but had not yet completed payment of the corresponding amount of the increase necessary to make it effective (25 per cent in gold and the rest in the member's currency). Thus, the members which had consented to the increases to which they were entitled represented 95 per cent of the total voting power on February 26, 1965, the date of the Executive Directors' report to the Governors concerning the increases. Only eight countries that were Fund members on February 26, 1965 had not formally consented to increases in their quotas under the above-mentioned Resolutions by the close of 1967; three of these members have indicated to the Fund that they do not intend to consent to increases, and one consented to its increase in January 1968. Of the nineteen members that had elected initially to increase their quotas in five equal annual installments, two decided during 1967 to accelerate payment as provided under the Resolutions and completed their full authorized increases. The Executive Directors extended the period for consent under the First Resolution of the Board of Governors (the 16 members which were entitled to special increases under the Second Resolution having already taken up their increases) to April 30, 1968.

In addition, Malaysia completed payment of the final of three installments of a special increase in its quota approved by the Board of Governors on September 10, 1964. The Board of Governors, during the year under review, approved increases in quotas for three members -- Korea, Peru, and Viet-Nam -- under the Compensatory Financing Decision, which specifies that the Fund is willing to give sympathetic consideration to requests for adjustment of quotas of certain primary exporting countries, and in particular countries with relatively small quotas, where adjustment would be appropriate to make them more adequate in the light of fluctuations in export proceeds and other relevant criteria. Peru and Viet-Nam have formally consented to these increases, which have become effective accordingly. A list of the quotas of members which were increased during 1967 is shown in Table V.

Par Values

Three members established initial par values with the Fund and sixteen members agreed with the Fund on changes in their par values (two members on two occasions) during the year 1967. A list of these members and the par values agreed are shown in Table No. VI.

New currency units were introduced in several countries. The Government of Ghana established the "new cedi" to replace the cedi as the legal unit of value, effective February 23, 1967; the Government of New Zealand introduced a decimal unit, the dollar, to replace the pound, effective July 10, 1967; and the Government of Brazil established the "new cruzeiro", having a ratio of 1 to

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1,000 to the cruzeiro, which it replaced, effective February 13, 1967. Par values were agreed by the member and the Fund for the Ghana new cedi and the New Zealand dollar, effective on the dates of their introduction; these par values did not involve any appreciation or depreciation of the respective currencies. Brazil did not propose a par value to the Fund for the new cruzeiro. The Malaysian Government informed the Fund that, effective June 12, 1967, the name of its currency unit would be changed from Malayan dollar to Malaysian dollar. The United Kingdom Government notified the Fund that the Government of Brunei had introduced the Brunei dollar to replace the Malayan dollar, also effective June 12, 1967, without a change in par value.

On November 18, 1967, the United Kingdom proposed and the Fund concurred in a change in the par value of the pound sterling from U.S. $2.80 to $2.40 per pound sterling. In a statement on the devaluation, the Managing Director of the Fund said that, in its concurrence with the U.K. proposal, the Fund had indicated its agreement that the change was needed to deal with a fundamental disequilibrium reflected in the continued weakness of the balance of payments of the United Kingdom and, during the past few months, in heavy losses in reserves. In connection with the change in par value, the United Kingdom announced its intention to carry out a program comprising credit and fiscal measures and a strengthening of prices and incomes policy. This would make it possible for the United Kingdom to improve its balance of payments, rebuild gradually its reserves, and replay the large debts incurred in recent years, while allowing for adequate growth in the economy. The United Kingdom Government also proposed changes, in which the Fund concurred, in the par values of most of the separate currencies of nonmetropolitan areas in respect of which it has accepted the Articles of Agreement. Within ten days of the United Kingdom's devaluation, thirteen other members devalued their currencies in agreement with the Fund. The Gambia, which had not yet established a par value, agreed with the Fund on a change in its exchange rate from 0.357143 Gambian pound per U.S. dollar to 0.416667 Gambian pound per U.S. dollar, effective November 20, 1967.

Relations with Other International Organizations

The Fund continued its liaison activities with international and regional organizations with which it has common concerns -- especially the United Nations (UN), the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (GATT), the Organization for Economic Cooperation and Development (OECD), the Bank for International Settlements (BIS), the Inter-American Development Bank (IDB), and the Organization of American States (OAS) -- and with the International Bank for Reconstruction and Development (IBRD), with which it has a special relationship. These organizations, and others having related interests, were represented at the joint Annual Meetings of

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the Fund and Bank, and Fund representatives attended meetings of those organizations and maintained direct working relationships with their staffs.

During the year under review, the Managing Director, at the request of a number of delegations, addressed the 43d Session of the UN Economic and Social Council (ECOSOC) in July; at the resumed session in November, he presented the Annual Report of the Fund. He also attended the Joint Meeting of the UN Administrative Committee on Coordination (ACC) and the Committee for Program and Coordination in Geneva. In connection with the discussions on international liquidity, he attended meetings of Ministers and Governors of the Group of Ten in London in July and August and the meeting of the OECD Ministerial Council in Paris in December, and participated in discussions with officials at the Bank for International Settlements in Basle. The Deputy Managing Director attended meetings of the ACC in Geneva and New York, while members of the staff represented the Fund at meetings of ACC subsidiary bodies.

Other Fund representatives attended the 22d Session of the UN General Assembly, the 42d and 43d Sessions (including the resumed 43d Session) of ECOSOC, the 3d Session of the Governing Council of the UN Development Program (UNDP), and sessions of the regional Economic Commissions for Africa (ECA), Asia and the Far East (ECAFE), Europe (ECE), and Latin America (ECLA). Fund staff attended meetings of the Trade and Development Board, the Intergovernmental Group on Supplementary Financing, standing committees, and special groups, convened under the auspices of the United Nations Conference on Trade and Development (UNCTAD). The Secretary-General of UNCTAD reported the views of UNCTAD concerning international monetary issues to the Managing Director of the Fund in January, and then, with expert advisors, discussed these issues informally at a meeting with the members of the Executive Board of the Fund in March. In December 1967, a mission representing the developing countries ("Group of 77") met with the Managing Director and members of the staff of the Fund, and presented for consideration the "Charter of Algiers", containing the program of the developing countries for action at the Second United Nations Conference on Trade and Development, to be held early in 1968.

The Fund also sent observers to meetings of the 2d Session of the UN Committee for Development Planning in Santiago, Chile; the 1st Session of the Industrial Development Board of the Industrial Development Organization (UNIDO) and the 2d Inter-Regional Budget Workshop, both in New York; the ECAFE Seminar on Financial Aspects of Trade Expansion held in Bangkok; the meeting of the ECE Ad Hoc Group of Experts on Import/Export Projections and the ECE Committee on Development of Trade's meeting of Governmental Trade Experts in Geneva; and the 169th Session of the Governing Body of the International Labour Office, also in Geneva. Fund observers also attended the 3d meeting of the Board of Governors of the African Development Bank in Abidjan, Ivory Coast and the 8th annual meeting of the Board of Governors of the Inter-American Development Bank in Washington.

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During 1967 representatives of the Fund attended the 24th Session, and meetings of various other bodies, of the CONTRACTING PARTIES to the GATT; the CONTRACTING PARTIES consulted with the Fund in connection with their consideration, during the year, of import restrictions and import surcharges maintained for balance of payments reasons by ten countries.

In the field of commodities, staff members attended a special meeting of the Natural and Synthetic Rubber Producers Consultative Committee of the International Rubber Study Group in London, the 2d Session of the UNCTAD Committee on Commodities in London, the International Wheat Conference, convened in Rome by the International Wheat Council in conjunction with UNCTAD to negotiate the renewal or replacement of the current International Wheat Agreement; and the United Nations Cocoa Conference held in Geneva to consider a proposal for an international cocoa agreement.

In the Latin American area, the Fund was represented in Buenos Aires at the OAS Inter-American Economic and Social Council (IA-ECOSOC) 5th Special Meeting at the Ministerial Level, which was followed immediately by the 3d Special Inter-American Conference concerned with the revision of the OAS Charter, and, concurrently with the Inter-American Conference, the 11th Meeting of Consultation of Ministers of Foreign Affairs of the American Continent; at the 5th Annual Meetings of the IA-ECOSOC at the Expert and Ministerial Levels in Vina del Mar, Chile; and at the OAS special meeting of Governmental Representatives on the Financial Implications of Latin American Integration, held in Rio de Janeiro just after the Fund's Annual Meeting. As in former years, Fund staff participated in an advisory capacity, at the invitation of the Chairman of the CIAP, in a series of meetings held in Washington dealing with country reviews and attended periodically informal interagency meetings arranged by the CIAP secretariat in preparation for the country reviews and on other matters of mutual interest.

As regards the Organization for Economic Cooperation and Development (OECD), Fund representatives continued to attend the meetings of the Economic Policy Committee and that Committee's Working Parties 2, 3, and 4, which are primarily concerned with policies for the promotion of economic growth, for the promotion of improved international payments equilibrium, and for the promotion of stability in costs and prices, respectively. They also attended meetings of the Board of Managment of the European Monetary Agreement, of the Development Assistance Committee, and of the Working Group on Short-Term Economic Prospects. They participated in a study carried out by the Committee for Invisible Transactions on the improvement of capital markets, which was published in 1967.

An important phase of the close collaboration between the Fund and the Bank is their reciprocal participation in consultative groups and consortia which they have convened for the coordination of aid. The Fund also participated in similar consultative

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groups and consortia for particular countries held by other sponsoring organizations or governments. Fund representatives attended meetings of consultative groups convened by the Bank for certain countries in Africa and in the Western Hemisphere, and for the consortia on India and Pakistan. Bank representatives, as well as representatives from the OECD and UNDP, attended the Ghana aid coordination meetings convened and chaired by the Fund. Representatives of the Fund participated in the 3d general meeting conducted by the Bank to consider coordination of aid programs held in Rio de Janeiro during the joint Annual Meetings. The two organizations also cooperated in holding seminars for Brazilian university professors of economics in Rio de Janeiro just before the Annual Meetings.

Cooperation with Members, Including Technical Assistance

The Fund's cooperation with members has been maintained in connection with its continuing consultations and discussions with members and in response to their requests for technical assistance in special and technical fields. The areas in which the Fund has cooperated with its members include stabilization programs, balance of payments statistics and statistical services of a central bank, general banking legislation and central bank laws, review of a banking system, exchange control legislation, tax systems and administration, and fiscal matters. Technical assistance in connection with the drafting of legislation for the establishment of a central bank was also provided at the request of a country that has applied for membership in the Fund.

The Fiscal Affairs Department responded to requests from 19 countries in Africa, Asia, the Middle East, and Latin America for technical assistance in the field of taxation and budget. A total of 30 individual assignments (22 long term) were involved; some, however, were carried over from the previous year. Most of the requests were filled by fiscal experts from the Fund's panel; 12 staff members were sent on technical assistance assignments.

Technical Assistance activities of the Fund in the central banking field have continued to grow. During the year 1967, the Fund assigned 52 central banking experts to 25 countries, as compared with 28 experts to 14 countries the previous year. In addition to providing outside experts to work in the central banks of developing countries, the Fund also provides technical advisory services in the form of advisory missions by the regular staff of the Central Banking Service Department, who visit the countries to give advice on specific problems. Most of these missions were connected with the efforts being made by countries to revise and bring up to date their central banking and general banking laws. During 1967 the staff went on 13 missions, each to a different country.

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In all, members of the Fund staff visited 94 countries during the period under review for purposes of consultations, negotiations of stand-by arrangements, technical assistance, and also for the informal exchange of views and information. In 18 of these countries, staff members were made available on long-term assignments. The periods of visit or assignment range from a few days to more than a year.

Training Activities

During the year 1967, the IMF Institute, a special department charged with the Fund's responsibilities in the field of training, continued to expand its activities; it provided training to a record number of 136 officials from member countries and began, last May, to run most of the time two different courses simultaneously; it also reinforced its cooperation with other training institutions.

The main course provided by the IMF Institute remained the one on Financial Analysis and Policy, which lasted twenty weeks and which was given in English, to 27 officials from 24 different countries from March 6 to July 21, 1967, in French to 24 participants from 19 different countries, from October 9, 1967 to February 23, 1968, and, for the first time in Spanish, to 22 officials from 14 different countries, from November20, 1967 to April 5, 1968. In this course, the Institute attempts to explain the Fund's methods of analysis, its work and its policies, by drawing extensively on the experience gained by the Fund through its contacts with its members. In 1967, from May 15 to July 7, the IMF Institute presented its first course on Public Finance to a group of 20 participants coming from 18 countries. During the past year, the IMF Institute also held two courses on Balance of Payments Methodology: one in English and one in French.

In 1967, the International Monetary Fund in cooperation with the Faculty of Law and Economic Science of the University of Aix-en-Provence, France, held a seminar, in French, at Aix-en-Provence, during the period November 27-30, 1967. This seminar, which was attended by 10 professors and 10 officials from 5 European and 2 African countries, discussed "The Fund and its place in the international monetary system".

During the past year, several staff members provided a series of lectures to the participants in the training program of the Center for Latin American Monetary Studies (CEMLA) in Mexico City and also arranged a program of lectures on Fund-related subjects for these participants during their visit to Washington. Staff members were assigned to give a number of lectures at the ECLA Institute for Economic and Social Development in Santiago, Chile, and at the Asian Institute for Economic Development and Planning in Bangkok, Thailand.

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The Fund received also during the past year various groups of professors and students from member countries, mainly in Europe and in Latin America, and provided them with lectures and source material.

Publications of the Fund in 1967

Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1967, (French, German, and Spanish translations of parts of Report)

Balance of Payments Yearbook, Vol. 18, 1961-65. Monthly loose-leaf installments of Vol. 19

Central Banking Legislation, Vol. II: Europe

Direction of Trade (published jointly by the International Monetary Fund and the International Bank for Reconstruction and Development) (monthly and an annual summary)

Eighteenth Annual Report on Exchange Restrictions, 1967

Finance and Development (a quarterly publication of the International Monetary Fund and the International Bank for Reconstruction and Development issued in English, French, and Spanish editions)

International Financial Statistics (monthly and annual supplement) (also edition with titles and text in English, Franch, and Spanish)

International Financial News Survey (weekly)

Schedule of Par Values, 43d, 44th, and 45th Issues. April 15, August 15, and December 22, 1967.

Staff Papers, Vol. XIV, Nos. 1, 2, and 3

Summary Proceedings of the Annual Meeting, 1967

Pamphlets:

Balance of Payments: Its Meaning and Uses (English, French, and Spanish)

The Cuban Insurance Cases and the Articles of the Fund (English)

The Financial Structure of the Fund, 2d ed. (English, Spanish, and French)

The Fund and Non-Member States: Some Legal Effects (French)

Pamphlets (continued):

The International Monetary Fund and International Law: An Introduction (Spanish)

Introduction to the Fund, 2d ed. (German)

TABLE I (A)

Purchases of Currencies from the Fund
January 1, 1967 - December 31, 1967

(In millions of U.S. dollars)

Member Purchasing	Under Stand-by Arrangements	Under Decision on Compensatory Financing	Other	Total*
Afghanistan	4.00			4.00
Burma		7.50	7.50	15.00
Burundi	5.00			5.00
Ceylon	6.25	19.50		25.75
Chile	10.00			10.00
Colombia	52.50	18.90		71.40
Costa Rica	2.75			2.75
El Salvador	5.00			5.00
Finland	93.75			93.75
Ghana	25.00			25.00
Guatemala	10.00			10.00
Haiti		2.30		2.30
Iceland		3.75		3.75
India		90.00		90.00
Iraq		17.50	22.50	40.00
Liberia	5.15			5.15
Mali	3.00			3.00
New Zealand	60.00	29.20		89.20
Peru	21.25			21.25
Philippines	27.50			27.50
Rwanda	2.00			2.00
Sierra Leone	5.40			5.40
Somalia	4.00			4.00
Spain			166.00	166.00
Sudan	19.00			19.00
Syria		9.50		9.50
Tunisia	7.00			7.00
Turkey	27.00			27.00
Yugoslavia	45.00			45.00
*Total	440.55	198.15	196.00	834.70

*Totals may not equal sums of items because of rounding.

TABLE I (B)

PURCHASES OF CURRENCIES FROM THE FUND, 1 JANUARY - 31 DECEMBER 1967

(Equivalent in Millions of U.S. dollars)

Member	Argentine pesos	Australian dollars	Austrian schillings	Belgian francs	Brazilian new cruzeiros	Canadian dollars	Danish kroner	Deutsche mark	French francs	Irish pounds	Italian lire	Japanese yen	Malayan dollars	Mexican pesos	Netherlands guilders	Norwegian kroner	South African rand	Swedish kroner	Pounds sterling	U.S. dollars	Venezuelan bolivares	Total*
Afghanistan	-	-	-	-	-	-	-	.50	.50	-	-	-	-	-	-	-	-	-	-	3.00	-	4.00
Burma	-	-	-	-	-	-	-	7.50	-	7.50	-	-	-	-	-	-	-	-	-	-	-	15.00
Burundi	-	-	-	5.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.00
Ceylon	-	6.25	-	-	-	-	-	-	-	-	-	-	5.00	-	-	-	-	-	14.50	-	-	25.75
Chile	-	-	-	-	-	-	-	5.00	-	-	-	-	-	-	-	-	-	-	-	-	5.00	10.00
Colombia	-	-	-	-	25.00	-	-	12.00	-	-	12.50	-	-	5.00	-	-	-	-	8.90	8.00	-	71.40
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.75	-	2.75
El Salvador	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.00	-	5.00
Finland	-	-	-	-	-	-	5.00	15.00	-	-	-	-	-	-	-	8.75	-	10.00	55.00	-	-	93.75
Ghana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.00	-	-	25.00
Guatemala	-	-	-	-	-	-	-	-	-	-	-	-	-	4.00	-	-	-	-	-	6.00	-	10.00
Haiti	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.30	-	2.30
Iceland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.75	-	-	3.75
India	10.00	10.00	-	10.00	-	-	-	10.00	10.00	5.00	-	-	-	-	-	10.00	-	-	-	25.00	-	90.00
Iraq	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30.00	10.00	-	40.00
Liberia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.15	-	5.15
Mali	-	-	-	-	-	-	-	-	2.00	-	-	-	-	-	-	-	-	-	-	1.00	-	3.00
New Zealand	-	9.20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	-	70.00	-	-	89.20
Peru	-	-	-	-	-	5.00	-	5.25	6.00	-	-	-	-	-	-	-	-	-	5.00	-	-	21.25
Philippines	-	10.00	-	-	-	-	-	-	-	-	7.50	-	-	-	-	-	-	-	-	10.00	-	27.50
Rwanda	-	-	-	2.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.00
Sierra Leone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.40	-	-	5.40
Somalia	-	-	-	-	-	-	-	1.50	.97	-	1.00	.53	-	-	-	-	-	-	-	-	-	4.00
Spain	-	15.00	15.00	-	-	20.00	-	25.00	26.00	-	25.00	-	-	-	10.00	-	-	-	-	25.00	5.00	166.00
Sudan	-	-	-	5.00	-	-	-	-	-	-	-	-	-	-	4.00	-	-	-	10.00	-	-	19.00
Syria	-	-	-	-	-	-	-	-	4.50	-	-	-	-	-	-	-	-	-	5.00	-	-	9.50
Tunisia	-	-	-	-	-	-	-	-	6.00	-	-	-	-	-	-	-	-	-	-	1.00	-	7.00
Turkey	-	-	4.00	-	-	-	-	8.00	11.00	-	-	-	-	-	-	-	-	-	4.00	-	-	27.00
Yugoslavia	-	-	5.00	-	-	5.00	-	-	15.00	-	-	-	-	-	-	-	-	-	10.60	9.40	-	45.00
Total Purchases*	10.00	50.45	24.00	22.00	25.00	30.00	5.00	89.75	81.97	12.50	46.00	0.53	5.00	9.00	14.00	18.75	10.00	10.00	247.15	113.60	10.00	834.70

* Totals may not equal sums of items because of rounding

TABLE II

REPURCHASES OF CURRENCIES FROM THE FUND - JANUARY 1 - DECEMBER 31, 1967

(Equivalent in millions of U.S. dollars)

Member	Australian dollars	Austrian Schillings	Belgian francs	Canadian dollars	Danish Kroner	Deutsche mark	French francs	Italian lire	Japanese yen	Netherlands guilders	Norwegian Kroner	Swedish kronor	Gold	Total
Afghanistan						.22	.02						2.92	3.16
Argentina	1.95	2.00	4.05	2.00		10.10	3.80	5.90	5.00	1.70		1.50		38.00
Brazil						5.00			2.50					7.50
Burundi	.50	1.40	1.50					1.60	.19					5.19
Ceylon									3.75					3.75
Chile	.40		1.20	1.60		10.60	3.40	3.60	2.80	1.60				25.20
Colombia	1.00		1.60	.90		11.40	7.60	5.00	5.90	2.90		1.20		37.50
Costa Rica						.90		1.60				.25		2.75
Cyprus			.10			.01		1.85		.19				2.15
Dominican Republic	.70		1.00					1.30						3.00
Ecuador						.01				.25			.55	.82
El Salvador	.60			1.90									2.52	5.02
Ghana				1.65		1.80		1.20	2.00					6.65
Haiti						.15		.65	.10			.09		.99
Honduras				1.40		3.60								5.00
India									7.50					7.50
Indonesia										6.34				6.34
Iran		6.00						8.02						14.02
Liberia				.20		1.60			.80	1.60				4.20
Mali							1.95							1.95
Nicaragua			2.81	4.00		1.05		1.00	.68	.70		1.00		11.24
Pakistan			.20					1.70						1.90
Rwanda			1.00											1.00
Somalia						.95	.90	2.30	.53					4.68
Sudan						2.00	1.40	.90	.60	1.80				6.70
Syria						1.72	1.30	.50		1.70				5.22
Tunisia							.11	4.25		.46		1.00		5.82
Turkey		.37	.45			4.19	8.50	.65		.06			4.79	19.00
United Kingdom	10.00		47.00	30.00	10.00	231.84	145.00	45.00	40.00	56.00	10.00	30.00		654.84
Uruguay			.20			2.00	2.10	2.00	.90			1.80		9.00
Yugoslavia						4.60	5.40		1.50					11.50
Zambia				1.48		1.51							.02	3.00
Total*	15.15	9.77	61.12	45.13	10.00	295.25	181.48	89.01	74.75	75.30	10.00	36.84	10.79	914.58*

* Totals may not equal sums of items because of rounding.

TABLE III

Stand-by Arrangements in Force - January 1, 1967 - December 31, 1967
(Millions of U.S. Dollars)

	Date of Arrangement	Date of Expiration	Amount	Amount Purchased under Stand-by Jan. 1'67 Dec. 31'67	Total Amount Purchased under Stand-by	Amount Available Dec. 31, 1967
Afghanistan	Aug. 3, 1966	Aug. 2, 1967	8.00	4.00	8.00	-
Argentina	May 1, 1967	Apr. 30, 1968	125.00	-	-	125.00
Bolivia	Dec. 2, 1966	Dec. 1, 1967	18.00	-	-	-
	Dec. 2, 1967	Dec. 1, 1968	20.00	-	-	20.00
Brazil	Feb. 1, 1966	Jan. 31, 1967	125.00	-	-	-
	Feb. 13, 1967	Feb. 12, 1968	30.00	-	-	30.00
Burundi	Mar. 28, 1966	Mar. 27, 1967	5.00	-	3.00	-
	Mar. 28, 1967	Mar. 27, 1968	6.00	5.00	5.00	1.00
Ceylon	June 15, 1966	June 14, 1967	25.00	6.25	25.00	-
Chile	Mar. 1, 1966	Feb. 28, 1967	40.00	10.00	40.00	-
Colombia	Apr. 15, 1967	Apr. 14, 1968	60.00	52.50	52.50	7.50
Congo, Dem. Rep. of	July 6, 1967	July 5, 1968	27.00	-	-	27.00
Costa Rica	Mar. 1, 1966	Feb. 28, 1967	10.00	-	5.50	-
	Aug. 17, 1967	Aug. 16, 1968	15.50	2.75	2.75	12.75
Ecuador	July 15, 1966	July 14, 1967	13.00	-	5.00	-
El Salvador	Dec. 5, 1967	Dec. 4, 1968	10.00	5.00	5.00	5.00
Finland	Mar. 6, 1967	Mar. 5, 1968	93.75	93.75	93.75	-
Ghana	May 17, 1966	May 16, 1967	36.40	-	31.40	-
	May 25, 1967	May 24, 1968	25.00	25.00	25.00	-
Guatemala	Apr. 1, 1967	Mar. 31, 1968	13.40	10.00	10.00	3.40
Guyana	Feb. 15, 1967	Feb. 14, 1968	7.50	-	-	7.50
Haiti	Oct. 1, 1966	Sept. 30, 1967	4.00	-	1.50	-
Korea	Mar. 22, 1966	Mar. 21, 1967	12.00	-	-	-
	Mar. 22, 1967	Mar. 21, 1968	18.00	-	-	18.00
Liberia	June 1, 1966	May 31, 1967	6.00	2.35	5.35	-
	June 1, 1967	May 31, 1968	4.40	2.80	2.80	1.60
Mali	Aug. 21, 1967	Aug. 20, 1968	6.50	3.00	3.00	3.50
Morocco	Sept. 23, 1966	Sept. 22, 1967	50.00	-	-	-
	Oct. 27, 1967	Oct. 26, 1968	50.00	-	-	50.00
New Zealand	Oct. 25, 1967	Oct. 24, 1968	87.00	60.00	60.00	27.00
Paraguay	Sept. 1, 1966	Aug. 31, 1967	7.50	-	-	-
Peru	Mar. 31, 1966	Mar. 30, 1967	37.50	-	-	-
	Aug. 18, 1967	Aug. 17, 1968	42.50	21.25	21.25	21.25
Philippines	Apr. 12, 1966	Apr. 11, 1967 1/	26.70	-	-	-
	Jan. 5, 1967	Jan. 4, 1968	55.00	27.50	27.50	27.50
Rwanda	Apr. 15, 1966	Apr. 14, 1967	5.00	-	5.00	-
	Apr. 20, 1967	Apr. 19, 1968	2.00	2.00	2.00	-
Sierra Leone	Nov. 1, 1966	Oct. 31, 1967	7.50	5.40	6.90	-
Somalia	Jan. 19, 1966	Jan. 18, 1967	2.80	-	-	-
	Jan. 19, 1967	Jan. 18, 1968	5.00	4.00	4.00	1.00
Sudan	Sept. 22, 1966	Sept. 21, 1967 2/	28.50	14.00	28.50	-
Sudan	Sept. 14, 1967	Sept. 13, 1968	10.00	5.00	5.00	5.00
Tunisia	Dec. 5, 1966	Dec. 4, 1967	9.60	7.00	9.60	-
	Dec. 27, 1967	Dec. 26, 1968	9.61	-	-	9.61
Turkey	Feb. 15, 1967	Dec. 31, 1967	27.00	27.00	27.00	-
United Kingdom	Nov. 30, 1967	Nov. 29, 1968	1,400.00	-	-	1,400.00
Uruguay	June 9, 1966	June 8, 1967	15.00	-	5.00	-
Yugoslavia	Jan. 1, 1967	Dec. 31, 1967	45.00	45.00	45.00	
				440.55		1,803.61

1/ Cancelled by the Philippines on January 4, 1967
2/ Cancelled by Sudan on September 13, 1967

TABLE IV:

Charges on transactions effected after May 1, 1963 are:

Charges in Per Cent per Annum 1/ for period stated and for portion of Holdings In Excess of Quota by (per cent)				Average Effective Rates 2/ in per Cent per Annum for portion of Holdings In Excess of Quota by (per cent)			
More than.....	0	50	100	More than.....	0	50	100
But not more than.	50	100		But not more than	50	100	
Service Charge	.5	.5	.5				
0 to 3 months	0.0	0.0	0.0	3 months	2.00	2.00	2.00
3 to 6 months	2.0	2.0	2.0	6 months	2.00	2.00	2.00
½ to 1 year	2.0	2.0	2.5	1 year	2.00	2.00	2.25
1 to 1½ years	2.0	2.5	3.0	1½ years	2.00	2.17	2.50
1½ to 2 years	2.5	3.0	3.5	2 years	2.12	2.38	2.75
2 to 2½ years	3.0	3.5	4.0*	2½ years	2.30	2.60	3.00
2½ to 3 years	3.5	4.0*	4.5	3 years	2.50	2.88	3.25
3 to 3½ years	4.0*	4.5	5.0	3½ years	2.71	3.07	3.50
3½ to 4 years	4.5	5.0		4 years	2.94	3.31	
4 to 4½ years	5.0			4½ years	3.17		

1/ Except for service charge which is payable once per transaction and stated as per cent of amount of transaction. 2/ Total charges payable by the member over the stated period expressed as a per cent and divided by the number of years of the period. Includes service charge. * Point at which the Fund and the member consult.

TABLE V

INCREASES IN QUOTAS, JANUARY 1 - DECEMBER 31, 1967

(In millions of U.S. dollars)

Member	Quota on Jan. 1, 1967	Special increases		General increases		Quota on Dec. 31, 19
		New Quota	Effective Date	New Quota	Effective Date	
Algeria	63.00			66.00 1/	Apr. 27, 1967	66.00
Cameroon	15.80			16.60 1/	Apr. 18, 1967	16.60
Central African Republic	8.00			8.50 1/	Apr. 28, 1967	8.50
Chad	8.00			8.50 1/	June 24, 1967	8.50
Congo (Brazzaville)	8.00			8.50 1/	June 3, 1967	8.50
Congo, Democratic Rep. of	47.40			57.00 2/	June 12, 1967	57.00
Dahomey	8.00			8.50 1/	June 16, 1967	8.50
Dominican Republic	26.40			27.80 1/	Mar. 29, 1967	27.80
Gabon	8.00			8.50 1/	May 9, 1967	8.50
Ivory Coast	15.80			16.60 1/	Mar. 25, 1967	16.60
Jordan	13.00			13.75 1/	Mar. 30, 1967	13.75
Lebanon	6.75			9.00	Feb. 3, 1967	9.00
Luxembourg	15.80			16.60 1/	Aug. 16, 1967	16.60
Malaysia	84.17	110.00 3/	Apr. 7, 1967	89.17 1/	Mar. 28, 1967	110.00
Mauritania	8.00			8.50 1/	Apr. 25, 1967	8.50
Morocco	75.60			79.20 1/	Apr. 15, 1967	79.20
Niger	8.00			8.50 1/	Aug. 29, 1967	8.50
Peru	47.00	85.00 4/	June 22, 1967			85.00
Rwanda	12.00			12.75 1/	Apr. 3, 1967	12.75
Turkey	86.00			108.00	Jan. 28, 1967	108.00
Upper Volta	8.00			8.50 1/	May 17, 1967	8.50
Viet-Nam	23.80	39.00 4/	July 31, 1967	29.00 2/	Feb. 24, 1967	39.00

1/ Represents payment of second of five annual installments.
2/ Represents completion of payment under the general increase in quotas, after earlier payment of first installment.
3/ Represents final installment of a special increase.
4/ Special increase under Compensatory Financing Decision.

PAR VALUES ESTABLISHED IN 1967

Member	Currency Unit	Initial Par Value	Changes in Par Value From	To	Effective Date
		Units of Currency Per U.S. Dollar			
Ceylon	Rupee		4.76190	5.95237	Nov. 21, 1967
Cyprus	Pound		0.357143	0.416667	Nov. 20, 1967
Denmark	Krone		6.90714	7.50000	Nov. 21, 1967
Finland	Markka		3.20000	4.19997	Oct. 12, 1967
Ghana	New Cedi		0.857143 1/	0.714286	Feb. 23, 1967
			0.714286	1.02041	July 8, 1967
Guyana	Dollar	1.71429			Feb. 13, 1967
			1.71429	2.00000	Nov. 20, 1967
Iceland	Krona		43.0000	57.0000	Nov. 27, 1967
Ireland	Pound		0.357143	0.416667	Nov. 18, 1967
Israel	Pound		3.00000	3.50000	Nov. 19, 1967
Jamaica	Pound		0.357143	0.416667	Nov. 21, 1967
Malawi	Pound		0.357143	0.416667	Nov. 20, 1967
Nepal	Rupee	10.1250			Dec. 11, 1967
New Zealand	Dollar		0.359596 2/	0.719194	July 10, 1967
			0.719194	0.892857	Nov. 20, 1967
Sierra Leone	Leone		0.714286	0.833333	Nov. 21, 1967
Singapore	Dollar	3.06122			June 12, 1967
Spain	Peseta		60.0000	70.0000	Nov. 20, 1967
Trinidad & Tobago	TT Dollar		1.71429	2.00000	Nov. 22, 1967
United Kingdom	Pound Sterling		0.357143	0.416667	Nov. 18, 1967
		(Separate Currencies in Non-Metropolitan Areas of the United Kingdom) 3/			
Antigua, Dominica, Montserrat, St. Christopher-Nevis-Anguilla, St. Lucia, St. Vincent	East Caribbean Dollar (4.80 per pound sterling)		1.71429	2.00000	Nov. 18, 1967

1/ Par value of the Cedi, former currency unit. The par value of the new currency unit did not involve any appreciation or depreciation of the currency.

2/ Par value of the New Zealand pound, former currency unit. The par value of the new currency unit did not involve any appreciation or depreciation of the currency.

3/ There was no change in the par values of the Bahamian dollar, Bahrain dinar, Brunei dollar, Rhodesian pound, and Tongan pound.

Table VI (continued)

PAR VALUES ESTABLISHED IN 1967

Units of Currency Per U.S. Dollar

Member	Currency Unit	Initial Par Value	Changes in Par Value From	To	Effective Date
British Honduras	Dollar (4.00 per pound sterling)		1.42857	1.66667	Nov. 18, 1967
Bermuda Falkland Islands Gibraltar	Pound (parity with sterling)		0.357143	0.416667	Nov. 18, 1967
Fiji	Pound (1.04500 per pound sterling)		0.396429 0.462500	0.462500 0.435417	Nov. 18, 1967 Nov. 26, 1967
Hong Kong	Dollar (14.5455 per pound sterling)		5.71429 6.66667	6.66667 6.06061	Nov. 18, 1967 Nov. 22, 1967
Mauritius Seychelles	Rupee (13 1/3 per pound sterling)		4.76190	5.55555	Nov. 18, 1967

Appendix B

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Bank Lending in 1967

Agriculture

Agriculture was the principal purpose assisted by the Bank in 1967; loans to the sector amounted to $165 million, raising the Bank's cumulative assistance for agricultural development to $905.5 million. In addition, toward the end of the year over 80 agricultural projects were in various stages of preparation for Bank or IDA financing, compared with about 25 four years earlier. This increase in activity reflected the Bank's policy, initiated in the early 1960's, of intensifying its efforts to assist agriculture by giving increasing support to comprehensive agricultural development programs. In the Bank's early days, most of its direct assistance took the form of loans for large irrigation and flood control works. Support for such projects has continued. The Bank and IDA, however, have more recently been attempting, with the help of the Food and Agriculture Organization of the United Nations (FAO), to assist both small and large farmers more directly by providing finance for projects involving other aspects of agricultural development such as training and extension services, farm credits, crop storage, land settlement, improvements in livestock production, and feeder roads.

In Tunisia, the Bank and IDA are providing $18 million for a farming project under which traditional subsistence small holdings, which offer little or no scope for effective development, are being combined with other government land to form viable production units. In Trinidad and Tobago, a $5 million loan is assisting the settlement of some 1,800 farmers on about 12,000 acres of government land. In Iran, a loan of $22 million is assisting the development of water resources and agriculture of the Ghazvin plain, about 90 miles west of Tehran. The purpose of the project is to increase agricultural output and the living standards of the population by transforming traditional subsistence farming in the region to market-oriented production.

Finance for further livestock projects was approved during the year. In Brazil the Bank made a loan of $40 million for a project to increase beef, mutton, and wool production. The loan is being used for medium and long-term loans to commercial farmers for on-farm development and for related technical services. A $4 million loan in Ecuador is helping to finance a livestock project under which modern techniques for production of beef cattle will be introduced into the country. This should prove of value in developing standards which could be adopted on a much larger scale in the future, thereby having a significant impact on the development of the country's livestock industry.

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In China (Taiwan), the Bank made a loan of $14.4 million to provide the foreign exchange needed to add 20 longliner tuna vessels and four trawlers to the country's deep-sea fishing fleet. This was the Bank's second loan to assist China's fishing industry. Almost all the fish catch from the new vessels will be sold overseas, earning the equivalent of $3 million a year and more than doubling Taiwan's annual earnings of foreign exchange from the industry.

A loan of $26 million in Thailand will help to finance the construction of the Phasom Dam on the Nan River in Northwestern Thailand and for studies related to accelerating agricultural development and irrigation in the Chao Phya and Nan River Valley areas, thereby continuing the development of Thailand's water resources with which the Bank has been associated since 1950.

The Bank Group, through IFC, also assisted agricultural development by supporting ventures to increase the output of fertilizers in the developing countries. Three important fertilizer projects in which IFC is participating reached the financing stage during the past two years: in Senegae, where the project is the first fertilizer plant in West Africa; in Brazil, where population growth is among the highest in the world but fertilizer consumption is among the lowest; and in India, where fertilizer usage will have to increase more than fourfold by 1970-71 simply to enable local food production to keep pace with projected growth in India's population.

Industry

With loans amounting to $144.5 million, industry occupied the second place among the sectors assisted by the Bank in 1967; aggregate Bank lending to the industry was $1,710 million at the end of the period. Two loans totaling $40.5 million were made during 1967 for the direct benefit of manufacturing enterprises in the public sector. In the Congo (Brazzaville), the Bank provided $30 million and the European Investment Bank $9 million for a project designed to produce 500,000 tons of potash annually. These loans were made to the Companie des Potasses du Congo, a Congolese company established in 1964 by the Congolese Government and by a French syndicate largely owned by French Government agencies. This was the Bank's first loan to a government-owned manufacturing agency. The Bank is willing to consider financing ventures of this kind provided it is satisfied that they have experienced and efficient management. A loan of $10.5 million was channeled through the Yugoslav Investment Bank for the modernization of seven enterprises in various sectors of Yugoslav industry.

The bulk of the Bank's industrial lending in 1967 -- $104.0 million -- was devoted to increasing the resources of local privately-owned development finance companies in China, Ceylon, India, Israel,

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Pakistan and Tunisia. All except the development finance company in Ceylon had previously received assistance from the Group. By December 1967 the Bank and its affiliates were associated with 26 development finance companies in 22 countries: Austria, Ceylon, China, Colombia, Ethiopia, Finland, Greece, India, Iran, Israel, Ivory Coast, Liberia, Malaysia, Morocco, Nigeria, Pakistan, the Philippines, Spain, Thailand, Tunisia, Turkey and Venezuela. The Group had provided a total $675 million in loans , investments and credits to assist these companies, which promote the development of private enterprises in their respective countries by extending medium and long-term finances, providing technical assistance, and by underwriting share issues and otherwise helping to improve capital markets.

Electric Power

The provision of adequate power supplies remains one of the foremost requirements for faster economic growth in the developing countries, where demand for electricity continues to grow extremely rapidly, invariably at a faster rate than the economy as a whole. To help ensure that supplies of electric power would be adequate, the Bank had by December 31, 1967, lent $3,619 million to assist the addition of over 25 million kilowatts to the world's generating capacity.

In calendar 1967, the Bank extended $111.75 million to help finance electric power projects in Cyprus, Guatemala, Pakistan, Peru, the Philippines, Singapore, Swaziland, Tanazania, Thailand, and Venezuela. With one exception, these projects were in the public sector. In most cases Bank lending was to meet growing demand on power systems that had already been assisted by Bank finance in the past. In Venezuela, for instance, the Bank made a loan of $15 million to help finance the construction of a 355-mile high voltage transmission line to Caracas, the capital, from the Guri electric plant, one of the largest hydroelectric developments in South America, which is being constructed with the aid of an earlier Bank loan. In Peru, a Bank loan of $17.5 million was made to assist Empresas Electricas Asociadas, a private company, in financing the building of its 120,000-kilowatt Matucana hydroelectric plant and associated transmission and distribution facilities. The new plant will increase the generating capacity of Empresas' system to a total of 605,000 kilowatts.

A loan of $5 million is helping to finance a further expansion program by the Yanhee Electricity Authority (YEA) in Thailand. YEA was created in 1957 when the Bank made a loan of $66 million toward the construction of the Bhumibol Dam and power plant on the Ping River. Bank loans in 1963 and 1965 totaling $12.6 million were made for the installation of additional units at the Bhumibol dam and for extension of the transmission system. In the Philippines the Bank made a loan of $12 million to the National Power Corporation to assist in

financing a 75,000-kilowatt thermal power station to supply additional power to the Manila area and the addition of a 50,000-kilowatt unit at the Maria Cristina hydroelectric station, which supplies power to an industrialized area in the northern region of the island of Mindanao.

On the African continent, a loan of $2.75 million was extended to Swaziland for the installation of 16,500 kilowatts of additional generating capacity and the expansion of transmission and distribution facilities. The project will more than double the capability of the country's electric supply system. This was the Bank's second loan for electric power development in Swaziland.

Transportation

Loans totaling $97.50 million were made by the Bank during 1967 to help finance development of transport facilities in El Salvador, Honduras, Pakistan, Senegal, Spain, Trinidad and Tobago and Yugoslavia. At the end of the year total Bank assistance to transportation amounted to $3,497 million.

In Senegal, a Bank loan of $4 million is assisting in financing the extension of one of the piers and the reconstruction of two quay walls to improve berthing capacity and cargo-handling facilities at Dakar, the principal port of Senegal which also serves land-locked Mali. Pakistan and Spain borrowed for the expansion and improvement of their railway systems. In Pakistan, a loan of $13.5 million is financing the foreign exchange costs of the 1967/68 investment program of the Pakistan Western Railway. Improvement and expansion of the railways have been a key element in Pakistan's development plans and essential to accommodate the increased traffic generated by the expanding economy. In Spain, a loan of $50 million is assisting a 10-year program being carried out to modernize the national railway system.

El Salvador, Honduras, Trinidad and Tobago, and Yugoslavia borrowed for road improvements. In Trinidad and Tobago, the Bank made a loan of $8.6 million for a project designed to improve the country's main northsouth route which now connects the two most important urban centers on the island of Trinidad, Port-of-Spain, the capital, and San Fernando, the second largest city. Honduras borrowed $8.6 million for a project that will make possible better and less costly road transport on one of the principal Central American Inter-Regional Highways and will stimulate international trade as well as the further economic development of Honduras' potentially rich Western Region.

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In Yugoslavia, a Bank loan of $10 million is financing the completion to modern standards of the highway which extends from Opuzen on the Adriatic Coast to Zupanja about 100 miles west of Belgrade, connecting the Adriatic and Central Highways. Improvement of the Opuzen-Zupanja highway will reduce transportation costs for the large number of motor vehicles which travel between the rich agricultural region on the southern coast and the industrial cities of Sarajevo, Tuzla, Zagreb and Belgrade. The improved road will also stimulate tourism, which has become an import source of foreign exchange earnings for Yugoslavia.

Education:

By the end of calendar 1967 the Bank had lent a total of $29.1 million for projects to improve education facilities in developing member countries and IDA had extended $113.5 million. A number of other projects were in various stages of consideration. The effectiveness of the Group's educational program, however, cannot be measured in financial terms or project numbers alone, for there is built into every project a considerable measure of technical assistance in the form of expert advice and recommendations. The growth in activity in this field has been assisted by the Bank's cooperative arrangement with the United Nations Educational Scientific and Cultural Organization (Unesco).

During 1967 the Bank made a loan of $4.8 million to Malagasy Republic to help finance the relocation and expansion of three secondary technical institutes and two teacher-training institutes in Tananarive, the capital. The expansion will enable the number of students in the five schools to be increased from 1,350 students to 3,110, while the concentration of the schools on one site will make possible the sharing of various communal facilities. The project is of high priority in Malagasy's general educational plan to increase enrollment, improve the quality of teachers, remedy the acute shortage of technically trained personnel, and reduce its dependency on expatriate teachers and technicians.

Telecommunications:

In 1967, the Bank made loans totaling $60.2 million for the development of telecommunications in China, Colombia, Jamaica, Kenya, Tanzania and Uganda, and Singapore, bringing total assistance to the telecommunications sector to $148.2 million. A loan of $13 million was made for an inter-regional project to improve and expand telephone and telegraph services in Kenya, Tanzania and Uganda. The considerable distances between the capital cities and other population centers in these three East African countries make efficient telecommunications particularly important, both to facilitate government administration and to meet the requirements of the countries' growing trade and commerce. Colombia borrowed $16 million for the financing of an improvement and expansion program by Empresa Nacional

...

de Telecommunicaciones, a government enterprise which provides almost the entire long-distance public telecommunication services in the country. In China, a project for which the Bank has lent $17 million will enable telephone services to be extended to approximately 100,000 new customers and will greatly improve both local and long-distance telecommunications.

Water Supply:

Part of a loan of $23 million made during the year to the Public Utilities Board of Singapore will assist a water supply project designed to increase fourfold the storage capacity on the Island of Singapore and the expansion of the water treatment facilities and the distribution system. By December 31, 1967, the Bank had provided $60.2 million to assist water supply projects in member countries.

Table I

IBRD Loans During Calendar 1967

Area and Country	Purpose	Amount in U.S. Dollars
AFRICA		
Cameroon	Plantation	$ 7,000,000
Congo	Industry	30,000,000
Kenya, Tanzania and Uganda	Telecommunications	13,000,000
Malagasy Republic	Education	4,800,000
Senegal	Port	4,000,000
Swaziland	Electric Power	2,750,000
Tanzania	Electric Power	5,200,000
		$66,750,000
ASIA		
China	Fishing Vessels	14,400,000
China	Telecommunications	17,000,000
China	Development Finance Company	15,000,000
Ceylon	Development Finance Company	4,000,000
India	Development Finance Company	25,000,000
Malaysia	Irrigation	10,000,000
Pakistan	Electric Power	21,500,000
Pakistan	Railways	13,500,000
Pakistan	Development Finance Company	35,000,000
Philippines	Electric Power	12,000,000
Singapore	Electric Power and Water	23,000,000
Singapore	Telecommunications	3,000,000
Thailand	Agriculture	26,000,000
Thailand	Electric Power	5,000,000
		$224,400,000
EUROPE		
Cyprus	Electric Power	2,800,000
Spain	Railways	50,000,000
Yugoslavia	Highways	10,000,000
Yugoslavia	Industry	10,500,000
		$73,300,000

Table I cont'd

Area and Country	Purpose	Amount in U.S. Dollars
MIDDLE EAST AND NORTH AFRICA		
Iran	Agriculture	22,000,000
Israel	Development Finance Company	15,000,000
Tunisia	Cooperative Farming	12,000,000
Tunisia	Development Finance Company	10,000,000
		$59,000,000
WESTERN HEMISPHERE		
Argentina	Livestock Development	15,300,000
Brazil	Livestock Development	40,000,000
Colombia	Telecommunications	16,000,000
Colombia	Agriculture	9,000,000
Ecuador	Livestock Development	4,000,000
El Salvador	Roads	2,800,000
Guatemala	Electric Power	15,000,000
Honduras	Highways	8,600,000
Jamaica	Telecommunications	11,200,000
Peru	Electric Power	17,500,000
Trinidad and Tobago	Agriculture	5,000,000
Trinidad and Tobago	Roads	8,600,000
Venezuela	Electric Power	15,000,000
		$168,000,000
TOTAL		$591,450,000

Financial Activities and Resources

The authorized capital of the Bank was $24,000 million at the end of 1967. The subscribed capital totaled $22,914 million, of which $2,291 million has been paid in.

The Bank's net income in the calendar year 1967 amounted to $170 million. At the end of December 31, 1967, the Bank had reserves of $1,160 million.

During the calendar year, loan disbursements amounted to $763 million, as against $782 million in 1966. Cumulative disbursements up to December 31, 1967 were $8,436 million.

Loan repayments in 1967 were $359 million, of which $219 million was repaid to the Bank and $140 million to investors who had purchased borrowers' obligations from the Bank.

Sales of borrowers' obligations from the Bank's loan portfolio amounted to $76 million, which brought aggregate sales to $2,066 million on December 31, 1967, of which all except $69 million were made without the Bank's guarantee.

At the end of December 1967, the outstanding funded debt of the Bank stood at $3,203 million, an increase of $334 million in the calendar year 1967.

Table II

IBRD Capital Structure and Source of Funds for Loan Disbursements
(As of December 31, 1967)

CAPITAL		Expressed in U.S. Dollars	
Authorized (240,000 shares)		$ 24,000,000,000	
Subscribed (229,136 shares)		22,913,600,000	
Paid In:			
Portion paid in gold or United States dollars		271,295,000	1/
Portion paid in the currencies of the respective members		2,020,065,000	
		$ 2,291,360,000	
Subject to call only to meet obligations of the Bank		20,622,240,000	
		$ 22,913,600,000	
SOURCE OF FUNDS FOR LOAN DISBURSEMENTS			
Portion of subscriptions of all members paid in gold or US dollars		$ 271,295,000	1/
National currency portion of subscriptions made available by members		1,589,537,000	
Total Lendable Capital Subscriptions		$ 1,860,832,000	
Net income		952,513,000	
Outstanding debt (including delayed deliveries)		3,440,584,000	
Principal repayments		1,375,997,000	
Loans agreed to be sold:			
Effective loans	$ 2,065,548,000 2/		
Non-Effective loans	105,000	2,065,653,000	
Gross Total Available Funds		$ 9,695,579,000	
Disbursed on loans less $28,569,000 exchange adjustments		8,407,538,000	
Funds Available for Loan Disbursements		$ 1,288,041,000	

1/ Of this amount $42,159,000 represents the amount of national currencies converted by some members to be used and reused as United States dollars.

2/ Of this amount $1,365,100,000 has been repaid to purchasers of loans.

NOTE: The undisbursed balance of effective and non-effective loans is $ 2,336,339,000

TABLE III

SALES OF IBRD BONDS AND NOTES

(Calendar Year 1967)

(Expressed in U.S. dollar Equivalent)

Public Offerings in the United States		
5-3/8% 25-Year Bonds of 1967, due 4/1/92	$250,000,000 1/	
5-7/8% 26-Year Bonds of 1967, due 9/1/93	150,000,000 2/	
Total Public Offerings in the United States		$400,000,000
Public Offerings and Private Placements Outside the United States		
A. Public Offerings		
6% 25-Year SKr Bonds of 1967, due 10/15/92 (SKr 75,000,000)	$ 14,497,768	
5% 18-Year SwF Bonds of 1967, due 6/30/85 (SwF 60,000,000)	13,961,606	
	$ 28,459,374	
B. Private Placements		
5-1/8% U.S. dollar Notes due 1969 & 1970	$ 16,000,000	
5-1/8% DM Notes due 1969 & 1970 (DM 64,000,000)	16,000,000	
5-3/8% Two-Year Bonds of 1967, due 3/15/69	100,000,000	
5-1/2% U.S. dollar Notes due 8/1/71	16,000,000	
5-1/2% DM Notes due 8/1/71 (DM 64,000,000)	16,000,000	
5-3/4% Two-Year Bonds of 1967, due 9/15/67	100,000,000	
6% Notes of 1967, due 11/15/72	5,000,000	
	$269,000,000	
Total Public Offerings and Private Placements Outside the United States		297,459,374
Grand Total all Bonds and Notes Sold by IBRD in 1967		$697,459,374

1/ As of December 31, 1967 $112,700,000 of this issue remained to be delivered under Delayed Delivery Purhcase Contracts.

2/ As of December 31, 1967 $73,100,000 of this issue remained to be delivered under Delayed Delivery Purchase Contracts.

Table IV

Summary of IBRD Funded Debt

	Number of Issues Outstanding	Amount Outstanding in U.S. Dollars
Payable in United States Dollars	32	$2,424,866,000
Payable in Belgian Francs	1	10,000,000
Payable in Canadian Dollars	4	75,664,000
Payable in Deutsche Mark	10	398,459,000
Payable in Italian Lire	1	24,000,000
Payable in Netherlands Guilders	4	32,335,000
Payable in Pounds Sterling	3	35,726,000
Payable in Swedish Kronor	1	14,498,000
Payable in Swiss Francs	13	187,225,000
TOTAL	69	$3,202,773,000

INTERNATIONAL DEVELOPMENT ASSOCIATION

IDA Credits in 1967

Agriculture:

In keeping with the Bank Group's policy of placing increased emphasis on agricultural development, IDA extended more of its funds to agriculture than to any other sector in 1967. Credits for agricultural projects amounted to $29 million, 42 per cent of the Association's total lending during the year, bringing cumulative assistance to the sector to $286.8 million. Again, as in the case of Bank lending, the projects assisted by IDA financing covered a broad spectrum of agricultural requirements.

In Cameroon, IDA joined the World Bank in providing $18 million for a large scale government owned plantation program which will considerably increase the area under oil palm, rubber, tea and pepper in the Republic. The program being carried out by the Cameroons Development Corporation will more than double the Corporation's contribution to exports and provide work for a labor force for whom there are few employment opportunities other than subsistence agriculture. The project is also being supported by a $6.4 million loan from the Commission of the European Economic Community.

Uganda borrowed $3.4 million to carry out a program for the development of tea production by African smallholders which will improve the standard of living of a large number of African subsistence farmers and contribute appreciably to the country's foreign exchange earnings.

Jordan and Kenya received IDA assistance for projects designed to expand farm credit. In Jordan, a credit of $3 million is helping to increase the resources of the Agricultural Credit Corporation (ACC), an agency responsible for administering the country's agricultural credit program. With the help of an earlier credit of $3 million, made in 1963, ACC played an important role in the development of agriculture in Jordan by providing credit for farm water supply, farm mechanization, land reclamation and livestock development. While the year's credit will again be used for land reclamation and improvement, farm water supply and mechanization, there will be greater concentration on the establishment of tree crops and vineyards and on-farm development.

In Kenya, a credit of $3.6 million is helping an agricultural credit program which will enable about 8,000 smallholders on some 80,000 acres of land in selected areas of the country to increase their production of crops and animals and earn a substantial cash income.

...

Bolivia received a credit of $2 million for implementing the first stage of a livestock development program designed to increase the output of beef cattle both for domestic consumption and export. The project will also promote the long-range development of Bolivia's beef cattle industry by demonstrating the advantages of modern ranch management techniques and by strengthening institutional arrangements for providing financial and technical services to ranchers.

In Tunisia, IDA joined the Bank in providing $18 million to assist in financing a cooperative farming project. IDA's share in this operation was $6 million (a description of the project is given in the section on the World Bank).

Transport:

In calendar 1967, IDA extended credits totaling $21.3 million to help finance road projects in Kenya and Uganda and a railway expansion program in Korea. By December 31, 1967, a total of $583.5 million had been provided by the Association for the development of transport in less developed member countries.

Kenya received a credit of $5.3 million for the construction of 270 miles of roads to serve the transport needs of a sugar cane growing area and cane processing factories in the southwestern part of the country near Lake Victoria, and the engineering of a further 240 miles. The project is an integral part of a regional development program, the objectives of which are to make Kenya self sufficient in sugar and provide employment in a heavily populated, depressed area. Total investment requirements of the program amount to $53 million. It is being carried out in an area that encompasses about 250,000 acres, where most of the African population has been living on subsistence farming. It involves the settlement of about 3,000 African families, the planting of an additional 44,000 acres in sugar cane, the construction of two more sugar mills, and the construction of 490 miles of roads. The road project is essential to the program's success.

In Uganda, IDA is providing $5 million to help finance the detailed engineering and construction of approximately 100 miles of main and feeder roads, and the detailed engineering of a further 460 miles of roads in the same categories. All of these roads form an integral part of the roal program contained in the Uganda Government's Five-Year Development Plan.

Korea received a credit of $11 million for financing key items required during the first three years of the 1967-71 development program of the Korean National Railroad. The program calls for an investment of $217 million over the five-year period and is designed primarily to increase the capacity of the railways to accommodate the requirements of the rapidly growing Korean economy. The IDA credit will finance the purchase of 600 hopper cars for coal required to meet the expected increase of 25 per cent in coal traffic and 450 tank cars to provide for the expected doubling in the volume of oil traffic during the next three years. Part of the credit will also finance the services of consultants to recommend measures for improving coal handling facilities.

Education:

In calendar 1967, IDA extended two credits for education projects in Malawi and Uganda. The year's lending brought the cumulative total of IDA financing of education to $113.5 million. As outlined in the section on the World Bank, the policy has been to concentrate the Bank and IDA's educational assistance on selected projects for general secondary education, vocational and technical training, and teacher training.

The IDA credit of $6.3 million extended to Malawi in 1967 is assisting in financing the construction of a new primary teacher-training college and additions to 12 secondary schools. The project will help to rectify a major imbalance in Malawi's education system. In 1965 the country had about 340,000 pupils enrolled in primary schools, nearly half the eligible age group. There were, however, only about 8,000 pupils enrolled in secondary schools, less than 1 1/2 per cent of the eligible age group.

The new primary teacher-training college will increase the number of primary school teachers and raise the standard of primary teacher-training, while the expansion of the secondary schools will make possible nearly half the planned expansion of secondary enrollment up to 1970. At the same time, the secondary school curriculum is to be broadened to include technical subjects, so that students will be better prepared to meet the manpower requirements of Malawi's economy.

In Uganda, an IDA credit of $10 million will help to provide 24 new general secondary schools and additional facilities for 15 existing schools to make 14,000 new places available at the secondary level. It has been estimated that between 1966 and 1972 Uganda will need a total output of 33,000 from secondary schools to meet manpower requirements. The project being assisted by the IDA credit will provide about 90 per cent of the new places required to reach this goal. The standard of the secondary education will also be improved.

Water Supply:

IDA joined the Government of Sweden in 1967 in providing $1.75 million each to Pakistan for financing part of the cost of the initial stage of a plan to rehabilitate and expand the water supply, sewerage and drainage systems of Lahore, the second largest city in West Pakistan.

The rapid growth of Lahore, whose population has doubled to 1.5 million since 1947, has outpaced the capacity of the city's water system. Water supply is intermittent and approximately 40 per cent is unaccounted for or wasted. The combined sewerage

and drainage systems, likewise, are inadequate; equipment is in a state of disrepair, and channels are silted up and overloaded. A five-year program (1968-72) of works to meet the city's water, sewerage and drainage requirements has been prepared and given high priority in Pakistan's Third Five-Year Plan.

The project being assisted by IDA and Sweden consists of the works to be undertaken during the first two years of the program and the establishment of an effective organization to manage present and future facilities. This is the second time that IDA and Sweden have joined to finance a development project in Pakistan. The credit brought total assistance by IDA for water supply projects to $43.8 million.

Financial Activities and Resources

The initial subscriptions of IDA's members are in proportion to their subscriptions to the capital stock of the Bank. However, under the Association's Articles of Agreement, members of IDA are divided into two groups: Part I countries, consisting of countries which are more advanced economically, and Part II countries consisting of less developed nations. A Part I country pays its entire subscription in convertible currency, all of which may be used by IDA for lending. A Part II country pays only one-tenth of its subscription in convertible funds; the remaining nine-tenths is paid in the member's own currency and may not be used by IDA without the member's consent.

The cumulative total of usable resources available to IDA from the beginning of its operations to the end of 1967 amounted to $1,791 million. Of this total, $1,524 million had been provided by Part I countries and $210 million by the World Bank through transfers out of its net income for the 1964, 1965, 1966 and 1967 fiscal years. In addition to $25 million of original subscriptions paid in convertible funds, Part II countries had by the end of 1967 released a total of $14.7 million equivalent from their local currency subscriptions for use by IDA.

During 1967 Sweden made a special contribution of $5 million to IDA's resources, raising the total of such contributions by the Swedish Government to $28.14 million.

INTERNATIONAL FINANCE CORPORATION

Operations During Calendar 1967

The chief characteristics of IFC's activities during 1967 were the continued diversity of its investments and the further emphasis on fertilizer production. The Corporation's equity and loan commitment of approximately $11.5 million in an Indian fertilizer plant was the second largest investment in IFC's history and followed two investments in fertilizer projects in 1966. The Indian fertilizer facility, with an annual capacity of 450,000 tons of urea will be located at Kanpur, Uttar Pradesh. While fertilizer usage has shown rapid growth in India in recent years, it is estimated that consumption of nitrogenous fertilizers will have to increase more than fourfold by 1970/71 if local food production is to keep pace with the projected growth in India's population. Even with local fertilizer capacity being expanded, indications are that India will continue to depend on imports to meet a large part of its needs.

The diversity of IFC investments was indicated by the types of projects to which it committed funds in 1967. In addition to fertilizer, the industries represented included textiles, paper, steel, sugar, cement and development finance institutions. The Corporation's 14 commitments were spread among Brazil, Colombia, Ethiopia, India, Malaysia, Nigeria, Pakistan, Peru, Turkey and Venezuela.

In Malaysia IFC is participating in an unusual steel production project which will utilize charcoal made from overage rubber trees instead of coke in the blast furnaces. The cost advantage of charcoal over imported coke in this case may offer one solution to the problem of establishing small, but competitive, integrated steel facilities in a developing country.

Mr. Martin M. Rosen, Executive Vice President of the Corporation, addressed the Seminar on International Development sponsored by York University School of Business in cooperation with The Canadian Department of Trade and Commerce and the Canadian Office of External Aid, on November 7, 1967.

The talk stressed the growing importance of the private sector in assisting the less developed countries following many years of infrastructural work in which the World Bank has played a major role. Canada's role in this phase of development work was stressed in these words. "It is possible for Canada to have, at one and the same time, the confidence of both the capital exporting and the capital importing countries, because each group feels that Canada is at one with it. Because of this posture... the investment opportunity for Canada is good, and the opportunity for Canadian leadership is great. At the present time, there may be no other country with such an advantage."

1967
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SUPPLIERS' CREDITS FROM INDUSTRIALIZED TO DEVELOPING COUNTRIES. A Study by the Staff of the World Bank requested by United Nations Conference on Trade and Development. April 3, 1967. English, French and Spanish. 32pp. + Annexes I-V, Tables 1-5

MULTINATIONAL PUBLIC ENTERPRISES. September 1967. By Carlos Fligler, Attorney, Legal Department. 136pp + 39pp Annex. Offset.

BOND REGULATIONS NO. 1. Dated February 1, 1967. 8pp

LOAN REGULATIONS NO. 3. Applicable to Loans Made by the Bank to Member Governments. Dated February 15, 1961 as amended February 9, 1967. 35pp. (Also English-French edition).

LOAN REGULATIONS NO. 4. Applicable to Loans Made by the Bank to Borrowers Other than Member Governments. Dated February 15, 1961 as amended February 9, 1967. 40pp. (Also English-French edition).

IDA. DEVELOPMENT CREDIT REGULATIONS NO. 1. Applicable to Development Credit Agreements with Member Governments. Dated June 1, 1961, as amended February 9, 1967. 18pp. (Also English-French edition).

Periodic Statements

Statement of Loans by the Bank (quarterly; cumulative)

Statement of Credits by IDA (quarterly; cumulative)

Chronological List of Investments and Standby and Underwriting Commitments by IFC (mimeographed quarterly; cumulative)

Facts about the World Bank and IDA (usually quarterly, plus irregularly in interim periods)

Facts about the IFC (quarterly)

ICSID

ICSID FIRST ANNUAL REPORT 1966/1967. September, 1967. 19pp. (Includes Legal Bibliography Relating to the Centre). (French and Spanish also).

ICSID. What it is..What it does..How it works. September 1, 1967. (French and Spanish also)

ICSID. Regulations and RULES of the International Centre for Settlement of Investment Disputes (annotated and with cross-reference tables). Undated. (French also; $2.00 each). In preparation.

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Government Publications

CANADA

Department of Finance
Ministère des Finances

REPORT ON OPERATIONS

under

THE BRETTON WOODS AGREEMENTS ACT

and

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

during the

CALENDAR YEAR 1968



International Monetary Fund
World Bank
International Development Association
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Hon. E.J. BENSON
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Introductory Note

This report contains a summary of the operations, during the period January 1 - December 31, 1968, of the Bretton Woods' Institutions: The International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) or the "World Bank," as it is frequently called; the International Development Association (IDA) and the International Finance Corporation (IFC).

These Institutions are known as the Bretton Woods' Institutions because the first two, the IMF and the IBRD, were established at the Bretton Woods Conference in 1944. IDA and IFC were established under the sponsorship of the World Bank with which they remain closely affiliated; the three organizations are referred to as the "World Bank Group." The basic principles on which the operations of these Institutions are founded are set out in their respective Articles of Agreement. A brief description of each of these Institutions, other than the IDA, is contained in the report on operations during the fiscal year 1958-59. A description of IDA was contained in the 1960-61 report.

The IMF (the "Fund") and the IBRD (the "Bank") were established under the Bretton Woods Agreements of 1945. Canadian participation in these Agreements, and thereby in the Fund and the Bank, was authorized by the Bretton Woods Agreements Act, 1945 (9-10 George VI, Chapter 11), as amended. The International Finance Corporation was founded in 1956 as an affiliate of the Bank by means of separate Articles of Agreement, to which Canada is a party. The Agreement by which the International Development Association was established came into force in September 1960. Canadian participation in the Association was authorized by the International Development Association Act, 1960.

The Bretton Woods' Institutions are closely linked in membership and general fields of endeavour. Membership in the Fund is a prerequisite for membership in the Bank, membership in which is a prerequisite for membership in IDA and IFC. The same Governors, Alternate Governors, Executive Directors and Alternate Directors frequently serve the four organizations. The Bank is recognized as having primary responsibility for questions relating to the composition and appropriateness of development programmes and project evaluation, including development priorities. The IMF is recognized as having primary responsibility for matters concerning exchange rates and restrictive systems, the adjustment of temporary balance of payments disequilibria, and the working out and evaluation of stabilization programs as a sound basis for economic advance. Between these two clear-cut areas of primary responsibility there is a broad range of matters of interest to both Institutions, in connection with which efforts are made to avoid conflicting views and judgments through continuing close working relations. This is facilitated by the establishment of the headquarters of all four organizations in the same group of buildings in Washington, D.C.

As specialized agencies of the United Nations, the Fund and the Bank have relationship agreements with the UN and report annually to ECOSOC. The President of the Bank and the Managing Director of the Fund are members of the Interagency Consultative Board of the UN Development Programme and of the UN Administrative Committee on Coordination.

The Honourable Edgar J. Benson, Minister of Finance, is Canadian Governor of the Bank and the Fund. Mr. Louis Rasminsky, Governor of the Bank of Canada, is Canadian Alternate Governor of the Fund, and Mr. A.B. Hockin, Assistant Deputy Minister of Finance, is Canadian Alternate Governor of the Bank. Canada, Guyana, Ireland and Jamaica are represented on the Executive Boards of the two Institutions by two Executive Directors and two Alternate Executive Directors. In November 1968, Mr. Robert Johnstone replaced Mr. S.J. Handfield-Jones as Executive Director of the Fund, and Mr. Patrick M. Reid replaced Mr. L. Denis Hudon as Executive Director of the Bank. Mr. Maurice Horgan and Mr. A.R. MacMillan are Alternate Executive Directors of the Fund and the Bank respectively. All of the above are Canadians with the exception of Mr. Horgan who is from Ireland.

In 1968 total membership of the Fund and the Bank was 110 countries. The U.S.S.R. and the Eastern European countries, with the exception of Yugoslavia, are not members of the Bretton Woods' Institutions.

The IMF and IBRD use the U.S. dollar as their basic unit of account, and dollar figures throughout the report are therefore expressed in terms of U.S. dollars, unless otherwise indicated.

A. INTERNATIONAL MONETARY FUND

The International Monetary Fund (IMF) provides short-term financial assistance to member countries to help them deal with temporary balance of payments difficulties, as part of its overall efforts to bring about a more balanced international payments situation and to eliminate exchange restrictions. In general, Fund activities are directed towards promoting world trade with the objective of helping to raise standards of living and of facilitating economic development. Members are expected to orient their fiscal and monetary policies, and their use of the Fund's resources, to these objectives. The Fund's resources are also made available in connection with, and in support of, major economic stabilization programmes, often in conjunction with financial assistance from other sources. Furthermore, the Fund can provide compensatory financing to cover unforeseen export shortfalls.

Fund members, when the need arises, may arrange to purchase foreign exchange from the Fund in exchange for their own currencies. This may take the form of a single immediate drawing or of a stand-by arrangement assuring them of access to Fund resources up to a specified limit for a specified period, should the need arise. Under the Articles of Agreement, members making drawings must repurchase their own currency from the Fund (i.e., must repay the amount drawn), using gold or convertible currencies, within a period not exceeding five years from the date of the drawing.

The resources of the Fund, which consist of gold and members' currencies paid according to a schedule of member quotas 25% in gold and 75% in currencies, exceed $21 billion. On December 31, 1968, the Fund's holdings of members' currencies, largely held in the form of non-negotiable, non-interest-bearing notes redeemable on demand, amounted to the equivalent of $18,926.2 million(1), and gold holdings to $3,359.3 million. Of this total, currencies freely convertible under Article VIII of the Articles of Agreement accounted for $12,914.6 million, of which $3,870.1 million was in U.S. dollars. On that date the largest single convertible currency holding was in sterling ($4,715.4 million), and Canadian dollar holdings at date amounted to 72 per cent of Canada's quota of $740 million ($533.8 million).

From the beginning of the Fund's operations until December 31, 1968 a total of 68 members had made foreign exchange drawings equivalent to $17,262.6 million. In 1968, 37 members obtained financial assistance from the Fund amounting to $3,517.3 million compared to $834.7 million during the previous year. Of that amount $1,947.7 million was purchased by 26 members in accordance with existing stand-by arrangements; $60.3 million was drawn under the Decision on Compensatory Financing; and miscellaneous other drawings accounted for the remaining $1,509.3 million and details concerning these drawings are provided in Table I of Appendix A. These drawings were offset in part by repurchases by 40 countries of $1,286.3 million (Table II of Appendix A), which raised total repurchases since inception to the $8,662.3 million level.

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(1) Unless indicated, all figures are in U.S. dollars.

Canada's creditor position in the Fund declined to $21.2 million on December 31, 1968 from $248.4 million one year previously. This decline was due to a $391 million drawing by Canada in February 1968 and to the simultaneous Fund repayment of an earlier $35 million borrowing from Canada under the General Arrangements to Borrow (GAB). These borrowings were offset in part by net purchases of Canadian currency by Canada during the year, and by drawings of Canadian currency by third countries, totalling $206.1 million.

During 1968, new stand-by arrangements were entered into with 28 countries amounting to $758.6 million. The stand-by facility assures a member of its right to draw a stated amount of foreign exchange under certain conditions over a period of up to twelve months. Stand-by arrangements are granted to help sustain confidence in currencies, to provide additional resources during seasonal difficulties, to support programmes intended to stabilize economies, to provide backing for monetary reforms, and for other purposes. They are sometimes requested by members as a precautionary measure with little expectation that they will result in actual drawings and in many cases are never used. The existence of a stand-by arrangement, however, enables governments to administer import policies in the knowledge that a secondary line of reserves will be available if needed. The Fund's stand-by support may also facilitate access to other sources of external credit for a country's public and private sectors. The unused portion of outstanding stand-by arrangements as at December 31, 1968, amounted to $339.3 million (Table III of Appendix A).

In September 1966, the Executive Directors revised the Fund's compensatory financing facility which had been in existence since 1963. The purpose of the change was to be able to more readily assist member countries, particularly those exporting primary products, which encountered balance of payments difficulties because of a temporary shortfall in export receipts due to circumstances beyond the control of the member country concerned. During 1968, drawings under this facility were approved for five members.

In 1968, Fund Staff Members visited 103 countries for a number of purposes including consultations, negotiations or reviews of stand-by arrangements, technical assistance and informal exchanges of views and information and in sixteen of these countries staff members were made available on long-term assignments. One of the countries visited was Canada where consultations with Canadian government representatives were held in Ottawa in September 1968. These discussions were followed by consideration by the Fund's Executive Board in December 1968 of the staff's report on its visit to Canada.

Fund Transactions in 1968

Details concerning drawings, repurchases and stand-by arrangements completed during 1968 are provided in Table I, II and III respectively.

Any drawing or stand-by arrangement which would result in a member drawing in excess of 25 per cent of its quota during a 12-month period (except to the extent that the Fund held less than 75 per cent of the quota of that member in its currency at the beginning of the period), and any drawing or stand-by arrangement which would increase the Fund's holdings of a currency to more than 200 per cent of the quota of the member concerned, requires, under Article V, Section 4 of the Articles of Agreement, the grant of a waiver in favor of that member. Waivers under this Article were granted in connection with all stand-by arrangements approved during the period under review except those involving Brazil, Indonesia, Liberia, Rwanda, Sudan, and Turkey. Waivers under the Articles were also granted in cases of drawings under the Compensatory Financing Decision by Ceylon and the United Arab Republic and in cases of ordinary drawings by Burma and the United Arab Republic.

Membership

Fund membership rose to 111 in 1968 with the acceptance of membership by Botswana on July 24, 1968, with a quota of $3 million; by Lesotho, on July 25, 1968, with a quota of $3 million; by Malta, on September 11, 1968, with a quota of $10 million; and by Mauritius, on September 23, 1968, with a quota of $16 million. In addition, applications for membership by Cambodia, Southern Yemen, and Swaziland were under consideration at the end of the year. The aggregate of Fund quotas on December 31, 1968 was $21,198.45 million.

Article VIII

Argentina, Malaysia and Singapore accepted the obligations of Article VIII, Sections 2, 3 and 4, of the Fund Agreement during 1968. This raised the number of members that have rendered their currencies convertible under the Articles of Agreement to thirty-four.

Managing Director

Mr. Pierre-Paul Schweitzer was appointed, effective September 1, 1968, to a second five-year term as Managing Director and Chairman of the Board of Executive Directors of the Fund.

General Arrangements to Borrow

The Fund's General Arrangements to Borrow enables the Fund to supplement its resources by borrowing up to $6 billion in the currencies of ten industrial members (Belgium, Canada, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom and the United States). These arrangements first went into effect for a four-year term on October 24, 1962, and in 1965 were renewed for another four-year period, commencing October 24, 1966. When reviewed in October 1968 in the light of further experience, it was concluded that no amendments or modifications were needed.

General Arrangements to Borrow

as at December 31, 1968

(In millions of U.S. dollars)

Participant	Original Amounts of Credit Arrangements	Net Amounts Borrowed	Balance Available Under Credit Arrangements
Belgium	$ 150	$ 99.5	$ 50.5
Canada	200	--	200.0
Deutsche Bundesbank	1,000	520.5	479.5
France	550	--	550.0
Italy	550	251.0	299.0
Japan	250	15.0	235.0
Netherlands	200	104.5	95.5
Sveriges Riksbank	100	55.5	44.5
United Kingdom	1,000	--	857.1 1/
United States	2,000	--	2,000.0
	$6,000	$1,046.0	$4,811.1 1/

1/ With commitments specified in national currency units, the United Kingdom commitment fell to $857 million as a result of the devaluation of sterling in November 1967.

In June of 1968, at the time of a large drawing by France, outstanding loans to the IMF by France under the GAB totalling $140 million were transferred to Germany ($80 million), Italy ($40 million) and Belgium and the Netherlands ($10 million each).

Gold Subsidies

The gold subsidy programmes of the Governments of Australia, Canada, the Philippines, Rhodesia and South Africa continued in operation during the past year.

Gold Transactions Service

Since the inauguaration of the Fund's gold transactions service in March 1952, central banks of 26 member countries as well as 5 international organizations have utilized the facilities thus provided by the Fund. In all, 121 transactions amounting to some $1,093 million have taken place since March 1952. There were no transactions in 1968.

Special Drawing Rights Facility

In accordance with Resolution No. 22-8 of the Board of Governors of the Fund, adopted at the 1967 Annual Meeting and discussed in last year's Report, the Executive Board in 1968 completed its work on a Proposed Amendment of the Articles of Agreement providing for the establishment of

a facility based on special drawing rights (SDR's) in the Fund and for the modification of certain rules and practices of the Fund. The Executive Directors' Report submitting the Proposed Amendment was sent to the Governors on April 17, 1968 and was approved by the Board of Governors in Resolution No. 23-5 on May, 1968.

The Proposed Amendment was subsequently submitted to all members for their acceptance. Once accepted by three-fifths of the members of the Fund having four-fifths of the total voting power, it will enter into force for all members. However, members having 75 per cent of total quotas must deposit instruments of participation in the Special Drawing Account before it can become operational. As at December 31, 1968, 27 members, having 47 per cent of the total voting power, had accepted the Amendment.

The establishment of the special drawing rights facility will in no way imply a judgement with respect to the future need for reserves. It simply establishes the machinery whereby Fund members will be able to proceed to supplement gold and foreign exchange with SDR's as a component of their international reserves as and when a collective decision is reached that it is appropriate to do so. All members of the Fund will be entitled to participate in the new facility on a non-discriminatory basis. Once conditions justifying an initial allocation of special drawing rights have been satisfied, including the existence of a widespread agreement that there is a global need to do so, the newly created assets will be distributed among participants in proportion to their Fund quotas.

Exchange Restrictions

The Nineteenth Annual Report on Exchange Restrictions published in July 1968 surveyed developments in exchange restrictions and related matters in each of the Fund's member countries and in certain other countries. It also included a general review of the major developments and an analytical appendix classifying the existing range of restrictions.

Consultations in 1968

Member countries availing themselves of the transitional arrangements provided for in Article XIV, Section 2 of the Fund Agreement are required to consult with the Fund annually on the retention of exchange restrictions. The seventeenth series of such consultations began in April 1968 and will be completed in March 1969. During these consultations,which usually take place in the member country, existing restrictive and discriminatory practices are reviewed in the context of the economic and financial developments and problems of the member. The findings of the Fund mission are subsequently reviewed by the Executive Board which renders a decision expressing the Fund's view of the policies being followed. The consultation procedure provides a valuable mechanism for the Fund and its members to collaborate on many matters of mutual interest. In some cases the initiation or renewal of stand-by arrangements has been combined with a regular consultation.

Members of the Fund that have accepted the obligations of Article VIII, Section 2, 3 and 4, of the Fund Agreement also usually consult with the Fund at regular intervals to ensure a continuing exchange of views on economic and financial developments and to provide a basis for cooperation on international monetary problems. Consultations with Canada, as noted above, took place in September 1968.

Quotas

During the year under review, six members--Burma, Cyprus, Korea, Nigeria, Trinidad and Tobago, and Uruguay--increased their quotas under the Compensatory Financing Decision. This Decision stipulates that the Fund is willing to give sympathetic consideration to requests for adjustment of quotas of certain primary exporting countries, and in particular countries with relatively small quotas, where adjustment would be appropriate to make quotas more adequately reflect fluctuations in export proceeds and other relevant criteria.

Increases in quotas during the year 1968, shown in Table IV, together with the quotas of the four new members, increased Fund resources by $210.9 million during the year.

Par Values

The Government of Zambia effective January 16, 1968, introduced a decimal currency unit--the kwacha--to replace the Zambian pound. The new currency unit is equivalent to 10 shillings of the unit previously used and a par value of 1 kwacha = $1.40 was agreed to with the Fund, effective that same date. The change therefore did not involve any appreciation or depreciation of the Zambian currency.

An initial par value for the Gambian pound, at the rate of 1 Gambian pound = $2.40 was established by agreement between the Government of the Gambia and the Fund, effective July 8, 1968. This did not involve any change in the existing official exchange rate.

Upon proposal by the Government of Iceland, in which the Fund concurred, the par value of the Icelandic krona was changed, effective November 12, 1968, from 57 Icelandic kronur per U.S. dollar to 88 Icelandic kronur per U.S. dollar.

In accordance with a proposal by the Government of Lesotho for an initial par value for its currency, the Fund noted on December 20, 1968, that the par value of the South African rand, as established in agreement with the Fund effective February 14, 1961, is 1 rand = $1.40.

Relations with Other International Organizations

During 1968, the Fund maintained continued close relations with other international and regional organizations with which it has mutual interests--the United Nations, including its regional Economic Commissions, the United Nations Conference on Trade and Development

and the United Nations Development Programme, the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade, the Organization for Economic Cooperation and Development, the Bank for International Settlements, the Organization for American States, particularly its Inter-American Committee on the Alliance for Progress, and the African, Asian, and Inter-American Development Banks--as well as the International Bank for Reconstruction and Development, with which the Fund has a special relationship. Liaison activities with these agencies are reflected not only in direct working cooperation with their staffs and the exchange of appropriate information and documents, but in attendance by Fund staff members at meetings at all levels in these organizations, and in attendance by representatives of those organizations at the Annual Meeting of the Fund's Board of Governors held jointly with that of the IBRD, in September-October 1968.

The Managing Director addressed the Forty-Fifth Session, resumed, of the Economic and Social Council of the United Nations in December on the occasion of his presentation of the Fund's Annual Report to that body. He also attended the joint meeting of the UN Administrative Committee on Coordination (ACC) and the Committee for Programme and Coordination held in Bucharest in July. The Deputy Managing Director also attended a meeting of the ACC in New York in October. During the year the Managing Director further participated in Ministerial Meetings of the Group of Ten in Stockholm in March and in Bonn in November. He also participated in discussions with members of the Board of Directors and with officials of the Bank for International Settlements.

Cooperation with Members, including Technical Assistance

The Fund's cooperation with members has been maintained through its continuing consultations and discussions with members and through its response to members' requests for technical assistance in special and technical fields. The latter include stabilization and financial programmes, tax administration and surveys of revenue structures, drafting of central bank laws and revision of general banking legislation, advice concerning credit systems and foreign exchange operations, and the development of financial and balance of payments statistics.

There was a continuing demand for technical assistance from the Fiscal Affairs Department staff and its panel of fiscal experts. While the number of countries involved (19) and of panel and staff members (21 and 12, respectively) did not increase compared to the previous year, total time spent in the field did increase. Individual technical assistance assignments totalled 31, twenty-one of which were long-term and some of which were being carried over from the previous year.

Technical assistance activities of the Fund in the central banking field were maintained at the same level as in 1967. During 1968, the Fund assigned 52 banking experts to 26 countries, compared to 52 experts to 25 countries in the previous year. In addition, the Fund has continued to provide technical advisory service through advisory missions by its own staff members, of which there were fifteen during 1968 to as

many countries. Most of these missions were related to the reorganization of central banks or to the revision of central banking and of general banking legislation. In addition, the Fund's technical assistance staff gives advice on various subjects, such as credit systems, credit control, and foreign exchange operations.

In October and November, the Managing Director undertook his first official visit to African members of the Fund, visiting a total of nine countries. Eight of these, Kenya, Ethiopia, the United Arab Republic, Morocco, Mali, Niger, the Ivory Coast, and Senegal were visited for informal contacts and talks with officials and the ninth, Tunisia, in order to attend the celebrations marking the Central Bank's tenth anniversary.

Training Activities

During the year 1968, the IMF Institute continued to discharge at full capacity its responsibilities in the field of training. Two courses, started in 1967, were completed. In addition, five courses were organized, attended by 117 officials from Fund member countries; under this programme, the Institute ran two courses simultaneously during the greater part of the year.

The main course provided by the IMF Institute remained the one on Financial Analysis and Policy, lasting twenty weeks. This course, which is geared to the needs of developing countries, attempts to explain the Fund's procedures and policies, and to discuss the use of various instruments of financial policy on the basis of modern tools of economic analysis. From March 11 to July 26, 1968, it was given in English to 24 officials from 23 countries. It was also offered in French from September 30, 1968 to February 14, 1969, to 24 participants from 19 countries and in Spanish to 23 officials from 15 countries. The latter course commenced on December 2, 1968, and will continue until April 18, 1969.

From September 9 to November 15, 1968, the IMF Institute presented its second course on Public Finance in English to a group of 23 participants from 18 countries. Furthermore, during the period April 15-June 7, 1968, the Institute conducted a course on Balance of Payments methodology in English for 23 officials from 21 countries.

In 1968, two staff members provided lectures to the participants in the training programme of the Center for Latin American Monetary Studies in Mexico City. The Fund also arranged a program of lectures for these participants during their stay in Washington. Several staff members were assigned to give a number of lectures elsewhere--at the United Nations' Latin American Institute for Economic and Social Planning in Santiago, Chile, its Asian Institute for Economic Development and Planning in Bangkok, Thailand, and its African Institute for Economic Development and Planning for courses held in Cairo, United Arab Republic and in Lome, Togo.

The Institute during the year also received many groups of officials, bankers, professors, and students from member countries, and provided them with lectures and source material.

PUBLICATIONS OF THE INTERNATIONAL MONETARY FUND IN 1968

Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1968. (English, French, and Spanish editions; a shortened version in German)

Articles of Agreement of the International Monetary Fund, As Modified by the Proposed Amendment (In English, French, and Spanish editions)

Balance of Payments Yearbook, Vol. 19, 1962-66 (Issued in monthly looseleaf installments and a bound volume.) Vol. 20, 1963-67 (partially issued in monthly loose-leaf installments, to be completed in 1969)

Direction of Trade (Published jointly by the International Monetary Fund and International Bank for Reconstruction and Development) (monthly and an annual summary)

Establishment of a Facility Based on Special Drawing Rights in the International Monetary Fund and Modifications in the Rules and Practices of the Fund; A Report by the Executive Directors to the Board of Governors (In English, French, and Spanish editions)

Finance and Development (a quarterly publication of the International Monetary Fund and the International Bank for Reconstruction and Development issued in English, French, Spanish editions, with an annual Portuguese language edition issued in Brazil)

International Financial Statistics (monthly and annual supplement, issued in an English edition and in an English, French and Spanish edition)

International Financial News Survey (weekly)

Nineteenth Annual Report on Exchange Restrictions, 1968

Schedule of Par Values, 46th Issue, August 15, 1968

Staff Papers, Vol. XV, Nos. 1, 2, and 3

Summary Proceedings of the Annual Meeting, 1968

Surveys of African Economies, Vol. 1; Cameroon, Central African Republic Chad, Congo (Brazzaville), and Gabon (English edition)

Pamphlets: No. 6 - Maintenance of the Gold Value of the Fund's Assets
French and Spanish

No. 7 - The Fund and Non-Member States: Some Legal Effects
Spanish

No. 8 - The Cuban Insurance Cases and the Articles of the Fund
Spanish

No. 9 - Balance of Payments: Its Meaning and Uses
German

No.10 - Balance of Payments Concepts and Definitions
English, French and Spanish

No.11 - Interpretation by the Fund
English

TABLE I

Purchases of Currencies from the Fund

January 1 - December 31, 1968

(In millions of U.S. dollars)

Member Purchasing	Under Stand-by Arrangements	Under Decision on Compensatory Financing	other	Total	(Of which Canadian dollar drawn)
Afghanistan		4.80		4.80	
Bolivia	12.00			12.00	
Brazil	75.00			75.00	
Burma			4.50	4.50	
Burundi	5.00			5.00	
Canada			391.00	391.00	
Ceylon	16.50	19.30		35.80	
Chile	37.00		6.25	43.25	
Colombia	34.75			34.75	(5.00)
El Salvador	3.00			3.00	
France			745.00	745.00	(35.00)
Ghana	10.00			10.00	
Guatemala	3.00			3.00	
Iceland		3.75		3.75	
Indonesia	45.00			45.00	
Iran			46.52	46.52	
Korea	12.50			12.50	
Liberia	3.40			3.40	
Mali	4.00			4.00	
Morocco	50.00			50.00	
Nicaragua	19.00			19.00	
Nigeria			9.25	9.25	
Pakistan	40.00			40.00	
Panama	3.00			3.00	
Peru	46.25			46.25	
Philippines	55.00			55.00	(7.50)
Rwanda	3.00			3.00	
Somalia	3.70			3.70	
South Africa			62.02	62.02	
Sudan	10.00			10.00	(5.00)
Trinidad and Tobago			4.75	4.75	
Tunisia	9.61			9.61	
Turkey	27.00			27.00	
United Arab Republic		23.00	40.00	63.00	
United Kingdom	1,400.00			1,400.00	(86.00)
United States			200.00	200.00	
Uruguay	20.00	9.50		29.50	
	1,947.71	60.35	1,509.29	3,517.35	(138.50)

TABLE II

Repurchases of Currencies from the Fund

January 1 - December 31, 1968

(Equivalents in millions of U.S. dollars)

Member Repurchasing	Amount	(Of which Canadian dollars used)
Afghanistan	3.73	
Argentina	19.62	(1.30)
Brazil	86.97	
Burundi	2.19	
Canada	64.79	
Ceylon	8.00	
Chile	28.00	(1.40)
Colombia	13.50	
Congo, Dem. Rep of	8.12	(2.00)
Costa Rica	5.75	
Cyprus	.38	
Dominican Republic	7.00	(.70)
Ecuador	10.68	
Finland	62.50	
Guatemala	4.95	
Haiti	1.99	
India	97.50	
Indonesia	30.00	
Iran	15.27	
Iraq	39.96	
Ireland	8.69	
Jordan	.29	
Liberia	3.40	
Mali	4.00	
Morocco	2.40	
New Zealand	99.27	
Pakistan	15.90	
Panama	.60	
Peru	42.44	
Rwanda	2.00	
Somalia	11.40	
Sudan	8.70	(.70)
Syria	7.12	(1.20)
Tanzania	.20	
Tunisia	12.61	
United Arab Republic	69.20	
United Kingdom	185.00	
United States	284.25	
Yugoslavia	17.75	
Zambia	.19	
Total*	1,286.29	(7.30)

* Total does not equal sum of items because of rounding.

TABLE III

Stand-by Arrangements in Force - January 1 - December 31, 1968

(In millions of U. S. dollars)

	Date of Arrangement	Date of Expiration	Amount	Amount Purchased under Stand-by Jan. 1'68 Dec. 31'68	Total Amount Purchased under Stand-by	Amount Not Drawn Dec. 31, 1968
Afghanistan	July 10, 1968	July 9, 1969	7.00	-	-	7.00
Argentina	May 1, 1967	Apr. 30, 1968 1/	125.00	-	-	-
	Apr. 15, 1968	Apr. 14, 1969	125.00	-	-	125.00
Bolivia	Dec. 2, 1967	Dec. 1, 1968 2/	20.00	12.00	12.00	8.00
Brazil	Feb. 13, 1967	Feb. 12, 1968	30.00	-	-	-
	Apr. 29, 1968	Apr. 28, 1969	87.50	75.00	75.00	12.50
Burundi	Mar. 28, 1967	Mar. 27, 1968	6.00	-	5.00	-
	Mar. 28, 1968	Mar. 27, 1969	6.00	5.00	5.00	1.00
Ceylon	May 6, 1968	May 5, 1969	19.50	16.50	16.50	3.00
Chile	Mar. 1, 1968	Feb. 28, 1969	46.00	37.00	37.00	9.00
Colombia	Apr. 15, 1967	Apr. 14, 1968	60.00	7.50	60.00 3/	-
	Apr. 19, 1968	Apr. 18, 1969	33.50	27.25	27.25	6.25
Congo, Dem. Rep.	July 6, 1967	July 5, 1968	27.00	-	-	-
Costa Rica	Aug. 17, 1967	Aug. 16, 1968	15.50	-	2.75	-
El Salvador	Dec. 5, 1967	Dec. 4, 1968	10.00	3.00	8.00	-
Finland	Mar. 6, 1967	Mar. 5, 1968	93.75	-	93.75	-
Ghana	May 25, 1967	May 24, 1968	25.00	-	25.00	-
	May 28, 1968	May 27, 1969	12.00	10.00	10.00	2.00
Guatemala	Apr. 1, 1967	Mar. 31, 1968	13.40	-	10.00 4/	-
	Apr. 16, 1968	Apr. 15, 1969	10.00	3.00	3.00	7.00
Guyana	Feb. 15, 1967	Feb. 14, 1968	7.50	-	-	-
	Feb. 15, 1968	Feb. 14, 1969	4.00	-	-	4.00
Honduras	Jan. 1, 1968	Dec. 31, 1968	11.00	-	-	-
Indonesia	Feb. 19, 1968	Feb. 18, 1969	51.75	45.00	45.00	6.75
Korea	Mar. 22, 1967	Mar. 21, 1968	18.00	-	-	-
	Apr. 11, 1968	Apr. 10, 1969	25.00	12.50	12.50	12.50
Liberia	Jun. 1, 1967	May 31, 1968	4.40	1.60	4.40	-
	Jun. 1, 1968	May 31, 1969	3.20	1.80	1.80	1.40
Mali	Aug. 21, 1967	Aug. 20, 1968 5/	6.50	-	3.00	-
	Aug. 12, 1968	Aug. 11, 1969	5.00	4.00	4.00	1.00
Morocco	Oct. 27, 1967	Oct. 26, 1968	50.00	50.00	50.00	-
	Oct. 27, 1968	Oct. 26, 1969	27.00	-	-	27.00
New Zealand	Oct. 25, 1967	Oct. 24, 1968	87.00	-	60.00	-
Nicaragua	Mar. 1, 1968	Feb. 28, 1969	19.00	19.00	19.00	-
Pakistan	Oct. 17, 1968	Oct. 16, 1969	75.00	40.00	40.00	35.00
Panama	May 8, 1968	May 7, 1969	3.00	3.00	3.00	-
Paraguay	Jan. 1, 1968	Dec. 31, 1968	8.00	-	-	-
Peru	Aug. 18, 1967	Aug. 17, 1968	42.50	21.25	42.50	-
	Nov. 8, 1968	Nov. 7, 1969	75.00	25.00	25.00	50.00
Philippines	Jan. 5, 1967	Jan. 4, 1968	55.00	27.50	55.00	-
	Mar. 27, 1968	Mar. 26, 1969	27.50	27.50	27.50	-
Rwanda	Apr. 20, 1967	Apr. 19, 1968	2.00	-	2.00	-
	Apr. 20, 1968	Apr. 19, 1969	3.00	3.00	3.00	-
Sierra Leone	Jan. 17, 1968	Jan. 16, 1969	3.60	-	-	3.60
Somalia	Jan. 19, 1967	Jan. 18, 1968	5.00	-	4.00	-
	Jan. 19, 1968	Jan. 18, 1969	7.00	3.70	3.70	5.30 6/
Sudan	Sep. 14, 1967	Sep. 13, 1968	10.00	5.00	10.00	-
	Dec. 5, 1968	Dec. 4, 1969	12.00	5.00	5.00	7.00
Tunisia	Dec. 27, 1967	Dec. 26, 1968	9.61	9.61	9.61	-
Turkey	Apr. 1, 1968	Dec. 31, 1968	27.00	27.00	27.00	-
United Kingdom	Nov. 30, 1967	Nov. 29, 1968	1,400.00	1,400.00	1,400.00	-
Uruguay	Mar. 1, 1968	Feb. 28, 1969	25.00	20.00	20.00	5.00
					1,947.71	339.30

1/ Cancelled by Argentina on April 14, 1968.
2/ Extended to January 15, 1969.
3/ Of the $60 million purchased $1.9 million was reclassified as purchases under the Compensatory Financing Decision.
4/ Of the $10 million purchased, $6.25 million was reclassified as purchases under the Compensatory Financing Decision.
5/ Cancelled by Mali August 12, 1968.
6/ Stand-by augmented by repurchases totalling $2 million.

TABLE IV

INCREASES IN QUOTAS, JANUARY 1 - DECEMBER 31, 1968

(In millions of U.S. dollars)

Member	Quota on Jan. 1, 1968	New Quota in Accordance With: General Increase in Quotas	New Quota in Accordance With: Compensatory Financing Decision	Effective Date of Change
Algeria	66.00	69.00 1/		Apr. 26, 1968
Burma	30.00	38.00		May 27, 1968
			48.00	Aug. 19, 1968
Cameroon	16.60	17.40 1/		May 14, 1968
Central African Rep.	8.50	9.00 1/		May 11, 1968
Chad	8.50	9.00 1/		May 2, 1968
Chile	100.00	125.00 1/		Feb. 9, 1968
Congo (Brazzaville)	8.50	9.00 1/		June 24, 1968
Cyprus	15.00		20.00	June 19, 1968
Dahomey	8.50	9.00 1/		June 17, 1968
Dominican Republic	27.80	29.20 1/		Mar. 29, 1968
Gabon	8.50	9.00 1/		June 4, 1968
Ivory Coast	16.60	17.40 1/		Mar. 25, 1968
Jordan	13.75	14.50 2/		Mar. 22, 1968
		16.00 2/		Apr. 19, 1968
Korea	24.00		50.00	Mar. 23, 1968
Luxembourg	16.60	17.40 1/		Aug. 16, 1968
Malaysia	110.00	115.00 1/		Mar. 25, 1968
Mauritania	8.50	9.00 1/		Apr. 22, 1968
Morocco	79.20	82.80 1/		Apr. 15, 1968
Niger	8.50	9.00 1/		Aug. 30, 1968
Nigeria	63.00		100.00	Mar. 19, 1968
Rwanda	12.75	15.00 3/		Apr. 15, 1968
Trinidad & Tobago	25.00		44.00	May 17, 1968
Upper Volta	8.50	9.00 1/		May 22, 1968
Uruguay	30.00	38.00		Jan. 25, 1968
			55.00	Feb. 23, 1968

1/ After payment of the third of five annual installments.
2/ After completion of payment of authorized increase, subsequent to earlier payment of three installments.
3/ After completion of payment of authorized increase, subsequent to earlier payment of two installments.

THE WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)
INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)
INTERNATIONAL FINANCE CORPORATION (IFC)

The World Bank and IDA extend finance to member countries for productive projects which the Bank's studies have indicated will make an important contribution to the borrowing countries'economic development and to increases in standards of living.

To provide the general framework within which its financing activities are conducted, the Bank seeks to acquire a comprehensive picture of the position and prospects of borrowing countries' economies and their development requirements. This makes it possible to identify sectors and areas of high potential and provides guidelines to the types of projects which should be given early attention. It also enables judgments to be formed about a country's economic policies and other questions relevant to its economic growth and to its eligibility for Bank or IDA financing.

The Bank's economic analysis is a continuous process, based on work at Head Office, visits to borrowing countries to gain firsthand knowledge of their economies, and frequent contacts with government and other officials. By giving continuous attention to the economic situation of developing member countries in this way, the Bank hopes to help them make more effective use of domestic and foreign resources at their disposal and so accelerate their rate of progress.

Among the principal matters with which the Bank assists member countries are the formulation of development policies, the establishment of development organizations, the drawing up of investment programmes for specific sectors and regions, and the identification and preparation of projects for financing. Assistance with these and other questions is often given by the Bank in the normal course of its operations, and on other occasions through its formal technical assistance activities.

The Bank, IDA and IFC each has its own assets and each is financially distinct from the others. The Bank, the senior institution, has three primary sources of funds: the paid-in capital of member governments; borrowings, primarily on private capital markets; and accumulated net income from its operations or reserves. IDA's lending resources have been derived principally from budgetary allocations by its member governments, although in addition, the Bank, from its own net income, has made certain transfers to IDA. The Bank lends at long-term (15-30 years) and at conventional rates of interest (at present 6.5 per cent). IDA lends at still longer term (50 years) and levies no interest charge as such; its assistance, in the main, has been confined to countries where per capita incomes are exceptionally low and which cannot meet all of their external capital requirements on conventional terms.

IFC's resources are derived from capital subscribed by governments and from loans made to IFC by the World Bank. IFC supplements the activities of the Bank and IDA by making and encouraging investments on commercial terms in productive private enterprises in developing member countries.

By December 31, 1968, the Bank had 110 members and had lent a total of $11,770 million to 85 countries; IDA had 102 members and had extended credits of $1,960 million to 45 countries; IFC had 90 members and had made net commitments of $289.1 million to private companies in 39 countries. The World Bank Group ranks first among the multilateral aid-giving institutions and in recent years has accounted for 11 per cent of the capital flows and aid to developing countries from all multilateral and Western bilateral aid agencies combined. The regional development banks and other multilateral agencies accounted for 8 per cent. The remainder was bilateral.

Relationship with Other International Organizations

The Bank and the United Nations exchange information and coordinate their technical assistance and other development activities through a Liaison Committee, composed of the Secretary General of the UN, the President of the Bank and IDA, and the Administrator of the UN Development Programme (UNDP), or their representatives. The Committee meets periodically for informal consultations and an exchange of information on current programmes and future plans in areas of common interest and concern. The Bank Group works closely with the UNDP, and has acted as Executing Agency for a number of pre-investment studies financed by the UNDP.

Bank Group representatives also attend and participate in meetings of various UN organs when matters of interest to the Group are under discussion, including meetings of the General Assembly, the UN Economic and Social Council (ECOSOC), the Governing Council of the UNDP, the UN Conference on Trade and Development (UNCTAD), the recently-established UN Industrial Development Organization (UNIDO), the regional economic commissions, and their subsidiary bodies.

Arrangements have been made by the Bank with the Food and Agriculture Organization of the United Nations (FAO) and with the UN Educational, Scientific and Cultural Organization (UNESCO) for cooperation in helping governments to identify and prepare projects in the fields of agriculture and education to the point where they can be considered for Bank or IDA financing. Ad hoc working relationships have been worked out with other UN specialized agencies such as the World Health Organization (WHO) and the International Labour Office (ILO). The Bank works closely with the African Development Bank, the Asian Development Bank, the Inter-American Development Bank (IDB), the Alliance for Progress (CIAP), and other regional development organizations on matters of common interest. It maintains close contact with the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD).

The Bank's Role in Aid Coordination

The Bank has attempted to encourage the coordination of development assistance from bilateral and multilateral aid agencies by taking the lead in establishing "consortia" and "coordinating groups" for 13 recipient countries. Twenty-two aid-giving nations have been associated with one or more of these aid-coordinating activities. The International Monetary Fund, the UNDP and where appropriate the regional development banks and other international organizations also participate in the meetings.

THE WORLD BANK GROUP IN 1968 - GENERAL REVIEW

On April 1, 1968, Mr. Robert S. McNamara succeeded Mr. George D. Woods as President of the World Bank Group.

In August 1968, Mr. McNamara announced that the Rt. Hon. Lester B. Pearson had accepted his invitation to head an international Commission to examine the past and future of world development. Mr. McNamara said:

> "...Since I first came to the Bank I have been deeply concerned with two linked problems: what is the strategy for aid and development for the next ten, twenty and thirty years; and secondly, what is the Bank's part in this strategy. We have begun to see the way ahead for the Bank in the immediate future -- a sharp increase in loans for development -- but the broad strategy for the future is not clear. It is to this that Mr. Pearson's Commission will turn its attention. I feel confident that a man of his long political experience will recognize that this is one of the gravest problems facing the leaders of the richer nations, and that concerted action by them all in partnership with the developing countries is essential.."

Mr. McNamara recalled that Mr. Woods had originally proposed the establishment of an international Commission in a speech delivered at Stockholm in late 1967.

The Commission is known formally as the "International Commission on Aid" and less formally as the "Pearson Commission." It is proceeding independently of the Bank and its work will be fully coordinated with the work of the United Nations on the Second Development Decade.

Loans, Credits and Investments

Total loans, credits and investments made by the World Bank Group in 1968 and in the three preceding years are as follows:

	(US$ millions)			
	1965	1966	1967	1968
World Bank	1,167	801[a]	592	1,094
IDA	196	478	68	256 ~~2,560~~ [b]
IFC	22	54	38	48
	1,385	1,333	698	1,398

Annex I and Annex II list World Bank and IDA loans and credits in 1968 according to country and purpose respectively. IFC investments in 1968 are listed in Annex III.

World Bank Borrowings

Despite tight conditions in world capital markets, the Bank was able to market $1,237.4 million of bond and note issues in 1968. This compares with a figure of $723.7 million in 1967.

Long-term Offerings in 1968

Country of Issue		
United States	400,000,000	
Germany	267,500,000	
Kuwait	42,000,000	
Switzerland	36,068,000	
Saudi Arabia	30,000,000	
Canada	13,875,000	
Netherlands	11,050,000	$ 800,493,000
Short-term Offerings to non-U.S.A. Central Banks and Government Agencies in 1968		436,885,000
Total New Borrowings		$1,237,378,000

The net increase in the Bank's outstanding funded debt (i.e. new borrowings net of issues maturing) was $600.0 million in 1968 compared with $333.5 million in 1967.

IDA Replenishment

In 1966 Mr. George Woods, President of the World Bank Group, proposed that for the three-year period 1967-69 IDA's resources be replenished at a level of $3 billion payable in three yearly instalments of one billion dollars. Negotiations with contributing countries were actively pursued during the course of 1967, on the basis of which Mr. Woods submitted a new proposal in early 1968. Under this proposal the amount of the replenishment would be set at $1,200 million, payable in three yearly instalments of $400 million each. This would enable IDA to increase its commitments by an average of 60 per cent annually over the level which the first replenishment of the Association's resources, agreed in 1964, was designed to achieve.

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a/ Exclusive of $100 million loan to IFC
b/ Includes a credit of $125 million which was presented to IDA's Executive Board in 1968 but not formally approved until February 1969.

In March 1968 the Executive Directors of IDA recommended and transmitted this proposal to governments for approval. Under the proposal as transmitted, Part I members of IDA and Switzerland would contribute as follows:

Country	US dollars
Australia	24,000,000
Austria	8,160,000
Belgium	20,400,000
Canada	75,000,000
Denmark	13,200,000
Finland	4,080,000
France	97,200,000
Germany	117,000,000
Italy	48,360,000
Japan	66,480,000
Kuwait	5,400,000
Luxembourg	600,000
Netherlands	29,280,000
Norway	10,680,000
South Africa	3,000,000
Sweden	29,640,000
Switzerland	12,000,000
United Kingdom	155,520,000
United States	480,000,000
	1,200,000,000

For this proposal to come into force, formal notification by at least twelve governments contributing not less than $950 million is necessary. As of December 31, 1968 such notifications had been received by ten countries 1/ contributing $442 million.

In November and December 1968 IDA announced that seven governments had taken steps to make funds available to IDA in advance of the coming into force of the proposal:

	(US$ millions)
Canada	75.00 a/
Denmark	4.40
Germany	39.00
Italy	48.36 a/
Norway	3.56
Sweden	9.88
United Kingdom	51.84
	232.04

In addition, Sweden and Denmark are making special supplementary contributions of $21.3 million and $15 million respectively. As of December 31, 1968 it was expected that a number of other governments would make advance contributions to IDA in the near future. Mr. McNamara noted in November 1968 that advance contributions "...enable IDA to make sizable commitments while a

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1/ Australia, Austria, Canada, Denmark, Finland, Germany, Kuwait, Norway, Sweden and the United Kingdom.

a/ In three annual instalments

full replenishment is awaited. IDA credits, with their concessional terms, are an essential part of assistance to development and the present restricted state of IDA's finances is a severe limiting factor on the activities of the World Bank Group.."

CANADA AND THE WORLD BANK GROUP

Canada plays an important role in the World Bank Group both as a source of funds and as a supplier of goods and services to the borrowers of the Bank and IDA under loan agreements which require international competitive bidding.

Canada's subscription to the World Bank's capital amounts to $792 million (Cdn $856 million), or 3.45 per cent of the total. Like other members, Canada has paid in only one-tenth of its subscription, so that its actual contribution to the Bank's lendable capital is $79.2 million (Cdn $85.6 million). The remaining nine-tenths of all subscriptions constitute a guarantee of the Bank's obligations.

Since IDA's inception in 1960 Canada has contributed or has agreed to contribute $154 million (Can $167 million) including the recent contribution of $75 million (Can $81 million). This recent contribution is payable in three equal instalments, the first of which was paid in November 1968.

Canada's subscription to IFC amounts to $3.6 million (Cdn $3.89 million).

World Bank Borrowings in Canada

The World Bank augments its capital by selling its own bonds in the world's capital markets; it also sells loans from its portfolio to other investors, as a means of promoting international investment and of recovering its own capital. By December 31, 1968, the Bank had outstanding borrowings of $3,802.8 million, mostly in the form of U.S. dollar bonds, but also including issues denominated in Canadian dollars, Belgian francs, Deutsche mark, Italian lire, Kuwaiti dinaus, Netherlands guilders, pounds sterling, Swedish kronor and Swiss francs.

Over the years, the Bank has offered seven bond issues totalling $125 million (Cdn $135 million) in the Canadian market through a large group of investment dealers and banks headed by Wood Gundy Securities Limited, Dominion Securities Corporation Limited and A.E. Ames & Co. Limited. After giving effect to retirement through maturities, sinking funds and purchase funds, approximately $89.2 million (Cdn $96 million) are now outstanding. Maturities on these bonds range from 5 months to 24 years and the interest rate from 3.5 per cent to 7 per cent. To June 30, 1968, Canadian investors in World Bank bonds had received $22 million (Cdn $24.5 million) in interest payments from the Bank.

The most recent bond issue in the Canadian capital market was in January 1968 when the Bank sold a new issue of $15 million 7 per cent Twenty-Five Year Bonds. It was offered to the public at 97.50 to yield 7.22 per cent. In September 1968 the Bank offered a new issue of two-year bonds to central banks and government agencies. The issue carried an interest rate of 5.80 per cent. Forty-nine countries and one international organization purchased $144.5 million of these bonds. Canada purchased $10 million as part of its Foreign Exchange Fund Account.

Canadian investors have also purchased World Bank bonds sold in markets outside Canada. The amount of these purchases is not known, but of bonds sold in the United States, Canadian investors are believed to have held about $82.3 million at December 31, 1968.

In addition, several Canadian institutions have bought portions of loans from the Bank's portfolio, or have participated in Bank loans at the time they were made. Such purchases have aggregated $89.3 million, of which $80.3 million has been repaid. The resulting net holdings amounted to $9.0 million as of December 31, 1968.

Canadian Goods and Services for Projects Financed by the Bank and IDA

Total identifiable expenditures in Canada by World Bank borrowers to December 31, 1968 was $192.2 million (Cdn $206 million). More than one-half of the 85 countries in which the World Bank had financed projects through December 31, 1968 had entered the Canadian market to buy equipment or services financed by Bank loans.

The cumulative total of IDA disbursements as of December 31, 1968, was $1,410.5 million. Of this amount, disbursements totalling $245.9 million had gone to finance local expenditures or imports for broad development programmes where the source of the items was not specified. The balance of $1,164.6 million represented disbursements for identifiable imports from abroad by IDA borrowers. Of this amount $39.7 million (Can $42.5 million) was imported from Canada. By December 31, 1968, 10 out of 43 IDA borrowers had entered the Canadian market to buy equipment and services to carry out IDA-financed projects.

Disbursements by Bank and IDA Borrowers for Imports from Canada 1/
(U.S. dollars millions)

	Bank	IDA	Total
Cumulative Total through December 31, 1960	133.5	-	133.5
Calendar Years			
1961	8.2	-	8.2
1962	3.7	-	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
Cumulative Total to December 31, 1968	192.2	39.7	231.9

Canadian companies have provided a wide variety of goods and services under Bank loans and IDA credits. The breakdown by sectors is as follows.

1/ Interest paid to Canadian holders of Bank bonds not included.

IBRD/IDA Procurement in Canada; 1961 - 1968

	IBRD	IDA	Total
	(US $ millions)		
Electric Power and Communications Equipment	33.0	2.3	35.3
Machinery and Tools	3.6	0.4	4.0
Transport Equipment	11.2	1.5	12.7
Mis. Metals and Other Metal Products (includes Industrial Imports)	1.8	33.0	34.8
Engineering Consultants and Contractors	4.0	2.0	6.0
Miscellaneous	5.1	0.5	5.6

The World Bank acts as an Executing Agency for a number of preinvestment studies financed by the United Nations Development Programme. As of December 31, 1968, Canadian engineering firms, either alone or in consortium with non-Canadian firms, had been engaged to carry out seven of these studies. Three of these studies were in Brazil, and other studies were in Dahomey, Guatemala, Somalia and Surinam. The total value of the contracts assigned by Canadian engineering firms was approximately $3.2 million (Cdn $3.5 million).

Canadian Personnel

An important contribution of Canada to the Bank Group has been the talent and energy of Canadian nationals on its staff, of whom there were 103 at the end of 1968, 25 are in professional positions.

Canada's Contribution as a Member of Consortia and Consultative Groups Organized by the Bank

Canada has been a member of the Consortia for Aid to India and Pakistan since their establishment in 1958 and 1960, respectively. Canada has also been a member of Consultative Groups organized by the Bank to coordinate development assistance to Colombia, East Africa, Korea, Malaysia, Morocco, Nigeria, Peru, Thailand and Tunisia. In addition, Canada is a member of a special group of donor countries concerned with aid to Ceylon.

As a member of the India Consortium, Canada had signed aid agreements to December 31, 1968 of $348 million (Cdn $376 million), of the total of $6,432 million in agreements signed by the Consortium as a whole.

In the Pakistan Consortium Canada had signed agreements of $154 million (Cdn $166 million) of the approximately $2,965 million in agreements signed by the Consortium.

Canada has also participated in World Bank-sponsored joint financing of projects in Mexico and Colombia with long-term export credits under Section 21A of the Export Credits Insurance Act.

SUMMARY OF FINANCIAL ACTIVITIES AND RESOURCES

Bank

The authorized capital of the Bank was $24,000 million at the end of 1968. The subscribed capital totaled $22,992 million, of which $2,299 million has been paid in.

The Bank's net income in the calendar year 1968 amounted to $169 million. At the end of December 31, 1968, the Bank had reserves of $1,254 million.

During the calendar year, loan disbursements amounted to $789 million, as against $763 million in 1967. Cumulative disbursements to December 31, 1968, were $9,226 million.

Loan repayments in 1968 were $371 million, of which $263 million was repaid to the Bank and $108 million to investors who had purchased borrowers' obligations from the Bank.

During 1968 sales of borrowers' obligations from the Bank's loan portfolio amounted to $107 million, resulting in aggregate sales of $2,173 million to December 31, 1968 of which all, except $69 million, were made without the Bank's guarantee.

At the end of 1968 the outstanding funded debt of the Bank stood at $3,803 million, an increase of $600 million in the calendar year 1968.

IDA

The initial subscriptions of IDA's members are in proportion to their subscriptions to the capital stock of the Bank. However, under the Association's Articles of Agreement, members of IDA are divided into two groups: Part I countries, consisting of countries which are more advanced economically, and Part II countries consisting of less developed nations. A Part I country pays its entire subscription in convertible currency, all of which may be used by IDA for lending. A Part II country pays only one-tenth of its subscription in convertible funds; the remaining nine-tenths is paid in the member's own currency and may not be used by IDA without the member's consent.

The cumulative total of usable resources available to IDA from the beginning of its operations to the end of 1968 amounted to approximately $2,024 million. Of this total $1,660 million was provided by Part I countries, $41 million by part II countries, $26 million through IDA net income, $12 million by a loan from Switzerland, and $285 million by the World Bank through transfers out of its net income for the fiscal years 1964 to 1968.

During the calendar year, credit disbursements amounted to $215 million as against $369 million in 1967. Cumulative disbursements to December 31, 1968 were $1,411 million.

IFC

The authorized capital of the International Finance Corporation was $110 million at the end of 1968. Five countries joined IFC in 1968, raising the total membership to 90 countries. Paid-in share capital rose to $102 million

Funds available to IFC for use in its operations increased to approximately $348 million during 1968, on a cumulative basis, as a result of increases in investments, repayments, net income and capital subscription.

During the calendar year, IFC continued to increase its activities in varied investments and in new countries. The corporation made its largest investment to date, a $20 million commitment to a $60 million Mauritanian copper mining project, Société Minère de Mauritanie. The commitments of $47.9 million during 1968 increased the cumulative commitments to $289.2 million in 39 countries.

By the end of 1968, IFC commitments in Africa, over its 12-year history, totalled $59.2 million, or 21 per cent, and commitments in Asia and the Middle East totalled $69.4 million, or 24 per cent total investment. Commitments in Latin American were $142.6 million, or 49 per cent. The remaining 6 per cent represented investments in Europe and Australia.

TABLE 1

BANK LOANS AND IDA CREDITS CALENDAR 1968 BY AREA

(Expressed in millions of US$)

	Bank		IDA		Total	
	No.	Amount	No.	Amount	No.	Amount
Africa						
Cameroon	-	$ -	1	$ 0.55	1	$ 0.55
Chad	-	-	2	5.90	2	5.90
Ethiopia	1	13.50	1	7.70	2	21.20
Gabon	1	1.80	-	-	1	1.80
Ghana	-	-	1	10.00	1	10.00
Guinea	1	64.50	-	-	1	64.50
Ivory Coast	1	5.80	-	-	1	5.80
Kenya	-	-	3	16.40	3	16.40
Malagasy Rep.	1	3.50	1	4.50	2	8.00
Malawi	-	-	3	21.20	3	21.20
Morocco	1	15.00	-	-	1	15.00
Niger	-	-	1	6.12	1	6.12
Nigeria	1	14.50	-	-	1	14.50
Sierra Leone	1	3.90	-	-	1	3.90
Somalia	-	-	1	2.30	1	2.3
Sudan	2	29.00	1	8.50	3	37.50
Tanzania	-	-	2	4.30	2	4.30
Togo	-	-	1	3.00	1	3.00
Tunisia	1	8.50	-	-	1	8.50
Uganda	-	-	1	3.00	1	3.00
Zambia	2	16.00	-	-	2	16.00
	13	$176.00	19	$94.17	32	$270.17
Europe						
Greece	1	12.50	-	-	1	12.50
Turkey	1	25.00	-	-	1	25.00
Yugoslavia	2	66.00	-	-	2	66.00
	4	$103.50	-	-	4	$103.50
Western Hemisphere						
Argentina	2	137.00	-	-	2	137.00
Brazil	4	96.90	-	-	4	96.90
Chile	1	11.60	-	-	1	11.60
Colombia	7	105.60	-	-	7	105.60
Costa Rica	1	3.00	-	-	1	3.00
Ecuador	1	5.30	1	5.10	2	10.40
Guatemala	2	13.30	-	-	2	13.30
Guyana	1	5.00	-	-	1	5.00
Honduras	1	7.50	1	4.00	2	11.50
Mexico	3	142.50	-	-	3	142.50
Nicaragua	2	19.50	1	1	2	19.25
Trinidad & Tobago	1	9.40	-	-	1	9.40
	26	$556.35	2	$9.10	28	$565.45
Asia						
Ceylon	1	4.90	2	6.90	3	11.80
China	2	67.50	-	-	2	67.50
India	-	-	1	125.00*	1	125.00
Indonesia	-	-	2	7.00	2	7.00
Iran	1	25.00	-	-	1	25.00
Korea	1	5.00	1	3.50	2	8.50
Malaysia	3	22.00	-	-	3	22.00
Pakistan	3	92.00	1	10.00	4	102.00
Papua and New Guinea	1	7.00	-	-	1	7.00
Singapore	1	6.00	-	-	1	6.00
Thailand	1	29.00	-	-	1	29.00
	14	$258.40	7	$152.40	21	$410.80
Totals	57	$1,094.25	28	$255.67	85	$1,349.92

* This credit was presented to IDA's Executive Board in 1968 but not formally approved until February 1969

TABLE 11

BANK AND IDA LENDING BY PURPOSE - CALENDAR 1968

(Expressed in millions US$)

		BANK	IDA
TRANSPORTATION			
Brazil	Roads	$26.00	$
Cameroon	Road Studies		0.55
Ceylon	Roads	4.90	4.90
Chad	Roads		4.10
Chile	Roads	11.60	
China	Railways	17.50	
Colombia	Roads	17.20	
"	Railways	18.30	
Ethiopia	Roads	13.50	7.70
Guinea	Railway & Port	64.50	
Ivory Coast	Roads	5.80	
Kenya	Roads		10.70
Korea	Road Studies		3.50
Malagasy Republic	Roads	3.50	4.50
Malawi	Roads		11.50
Mexico	Roads	27.50	
Niger	Roads		6.12
Pakistan	Roads	35.00	
Somalia	Roads		2.30
Tanzania	Roads		3.00
Thailand	Roads	29.00	
Togo	Roads		3.70
Tunisia	Ports	8.50	
Yugoslavia	Railways	50.00	
Zambia	Roads	10.70	
		$343.50	$62.57
ELECTRIC POWER			
Argentina		$ 55.00	$
"		82.00	
Brazil		22.30	
"		26.60	
China		50.00	
Colombia		18.00	
"		18.00	
Ghana			10.00
Guatemala		7.00	
Honduras		7.50	4.00
Mexico		90.00	
Nicaragua		15.25	
Nigeria		14.50	
Pakistan (Tarbela-Power & Irrigation)		25.00	
Sierra Leone		3.90	
Sudan		24.00	
Turkey		25.00	
		$484.05	$ 14.00
INDUSTRY			
Brazil	Aluminum Production	$ 22.00	$
Colombia	Dev. Fin. Co.	12.50	
Greece	" " "	12.50	
India	Industrial Imports*		125.00
Iran	Dev. Fin. Co.	25.00	
Korea	" " "	5.00	
Morocco	" " "	15.00	
Pakistan	Fertilizer Production	32.00	
Yugoslavia	Various Industries	16.00	
		$140.00	$125.00

* This credit was presented to IDA's Executive Board in 1968 but not formally approved until February 1969.

BANK AND IDA LENDING BY PURPOSE (Cont'd)

		BANK	IDA
AGRICULTURE			
Ceylon	Irrigation	$	$ 2.00
Costa Rica	Agric. Credit	3.00	
Ecuador	Fishing Fleet	5.30	
Guyana	Sea Defense	5.00	
Indonesia	Irrigation		5.00
Kenya	Tea Production		2.10
Kenya	Livestock		3.60
Malawi			6.00
"			3.70
Malaysia	Land settlement and development	14.00	
Mexico	Irrigation	25.00	
Pakistan	Agric. Credit		10.00
Sudan	Mechanized Farming	5.00	
Tanzania	Livestock		1.30
Uganda	Livestock		3.00
Zambia	Afforestation	5.30	
		$ 62.60	$ 36.70
EDUCATION			
Chad		$	$ 1.80
Colombia		7.60	
Ecuador			5.10
Gabon		1.80	
Guatemala		6.30	
Nicaragua		4.00	
Sudan			8.50
Trinidad & Tobago		9.40	
		$ 29.10	$ 15.40
WATER SUPPLY & SEWERAGE SYSTEM		Bank	IDA
Colombia	Water	$ 14.00	$
Malaysia	Water	3.60	
Singapore	Sewer	6.00	
		$ 23.60	$ -
TELECOMMUNICATIONS			
Malaysia		$ 4.40	$
Papua and New Guinea		7.00	
		$ 11.40	$ -
TECHNICAL ASSISTANCE			
Indonesia		$ -	$ 2.00
		$ -	$ 2.00
	TOTAL	$1,094.25	$255.67

TABLE 111

IFC COMMITMENTS CALENDAR 1968

(Expressed in US $)

	Loan	Equity	Total
Brazil			
Petroquimica Uniao, Ltda. (petrochemicals)	5,500,000	2,880,000	8,380,000
Colombia			
Compania Colombiana de Tejidos, S.A. (textiles)	-	35,338	35,338
Morfeo-Productos para el Hogar, S.A. (home furniture)	-	5,950	5,950
Forjas de Colombia, S.A. (steel forging)	-	169,292	169,292
Compania de Desarrollo de Hoteles y Turismo, Ltda. - Hoturismo (tourism)	-	5,935	5,935
Jamaica			
Pegasus Hotels of Jamaica, Ltd. (tourism)	2,293,000	620,000	2,913,000
Kenya			
Kenya Hotel Properties, Ltd. (tourism)	280,000	-	280,000
Korea			
Korea Development Finance Corporation (industrial financing)	-	702,043	702,043
Mauritania			
Société Minière de Mauritanie (copper mining and treatment)	18,800,000	1,206,515	20,006,515
Mexico			
Compania Fundidora de Fierro y Acero de Monterrey, S.A. (steel)			
Underwriting Commitment	-	7,020,000	7,020,000
Investment	-	318,886	318,886
Nicaragua			
Textiles Fabricato de Nicaragua, S.A. (textiles)	1,000,000	1,071,428	2,071,428
Pakistan			
Dawood Hercules Chemicals, Ltd. (fertilizer)	1,000,000	2,919,000	3,919,000
Pakistan Industrial Credit and Investment Corporation, Ltd. (industrial financing)	-	36,846	36,846
Venezuela			
Protinal, C.A. (animal feed) Underwriting (debentures)	-	2,079,178	2,079,178
TOTALS	$28,873,000	$19,070,401	$47,943,401

TABLE IV
SUMMARY OF BANK AND IDA LENDING
(Cumulative)
(Expressed in US $)

Fiscal Year [1]	BANK LOANS Number	Amount	Disbursements	IDA CREDITS Number	Amount	Disbursements
1946/47	1	$250,000,000	$ 92,000,000			
1947/48	5	263,000,000	378,055,751			
1948/49	10	137,100,000	56,235,263			
1949/50	12	166,345,000	87,871,146			
1950/51	21	297,080,000	77,564,969			
1951/52	19	298,608,000	184,777,004			
1952/53	10	178,633,464	226,756,982			
1953/54	26	323,682,000	302,296,920			
1954/55	20	409,610,000	274,169,870			
1955/56	26	396,050,000	283,926,916			
1956/57	20	387,858,000	332,379,283			
1957/58	34	710,846,429	498,683,137			
1958/59	30	703,125,000	582,630,254			
1959/60	31	658,700,000	543,879,250			
1960/61	27	609,890,000	398,488,190	4	$101,000,000	---
1961/62	29	882,300,000	485,366,490	18	134,100,000	$ 12,168,476
1962/63	28	448,650,000	620,417,274	17	260,050,000	56,192,417
1963/64	37	809,850,000	558,884,723	18	283,200,000	124,130,697
1964/65	38	1,023,300,000	605,723,972	20	309,090,000	222,197,090
1965/66	37	839,200,000	668,421,586	12	284,100,000	266,898,667
1966/67	47	876,750,000	790,442,920	20	353,540,000	342,090,922
1967/68	44	846,950,000	771,946,891	18	106,550,000	318,820,723
1968/69 Dec. 31/68	32	588,400,000	404,569,209	12	43,520,000	67,955,024
to	584	$12,105,927,893	$9,225,488,000	139	$1,875,150,000	$1,410,454,016

PURPOSES	Bank Loans [2]	IDA Credits [2]
Reconstruction	$ 496,800,000	$ ---
Electric Power	4,070,000,000	120,400,000
Transportation	3,834,400,000	639,700,000
Communications	148,400,000	74,800,000
Agriculture & Forestry	974,200,000	323,000,000
Industry	1,845,300,000	501,100,000
General Development	205,000,000	---
Water Supply	83,800,000	34,000,000
Education Projects	58,200,000	128,900,000
Project Preparation	---	5,100,000
Technical Assistance	---	2,000,000
International Finance Corporation	100,000,000	---
	$11,816,100,000	$1,829,000,000

1/ Fiscal years are those of the World Bank Group (July 1 to June 30)

2/ The figures are rounded and are net of cancellations, refundings and terminations totalling $289, 871,283 of Bank loans and $46,174,508 of IDA credits.

TABLE V

BANK BORROWINGS

(Expressed in US $)

Currency of Issues	No. of Issues	Original Amount	Outstanding Amount	Issues Outstanding
U.S. Dollars	68	$5,553,125,000	$2,665,899,000	35
Belgian Francs	1	10,000,000	10,000,000	1
Canadian Dollars	7	124,875,000	89,169,000	5
Deutsche Mark	24	1,016,625,000	707,460,000	18
Italian Lire	1	24,000,000	24,000,000	1
Kuwaiti Dinars	1	42,000,000	21,000,000	1
Netherlands Guilders	5	58,011,000	41,651,000	5
Pounds Sterling	3	48,000,000	33,891,000	3
Swedish Kronor	1	14,498,000	14,498,000	1
Swiss Francs	22	339,065,000	195,245,000	13
	133	$7,230,199,000	$3,802,813,000	83

OUTSIDE PARTICIPATION IN BANK LOANS

(Expressed in US $)

Fiscal Year 1/	With Guarantee	Without Guarantee	Total
In all loans prior to July 1, 1951	$28,549,000	$ 4,468,496	$ 33,017,496
1951/52	12,950,001	10,409,191	23,359,192
1952/53	8,304,145	6,330,820	14,634,965
1953/54	7,940,698	28,865,768	33,806,466
1954/55	783,500	98,393,636	99,177,136
1955/56	10,476,500	61,690,626	72,167,126
1956/57	---	56,894,751	56,894,751
1957/58	---	86,999,875	86,999,875
1958/59	---	148,435,519	148,435,519
1959/60	---	242,561,031	242,561,031
1960/61	---	202,132,415	202,132,415
1961/62	---	318,807,746	318,807,746
1962/63	---	273,321,774	273,321,774
1963/64	---	173,272,432	173,272,432
1964/65	---	106,166,332	106,166,332
1965/66	---	81,860,507	81,860,507
1966/67	---	68,585,455	68,585,455
1967/68	---	107,436,317	107,436,317
1968/69 to Dec. 31/68	---	30,239,211	30,239,211
	$69,003,844	$2,103,871,902	$2,172,875,746

1/ Fiscal years are those of the World Bank Group (July 1 to June 30)

TABLE VI

CUMULATIVE BANK AND IDA LENDING BY COUNTRIES

(as of December 31, 1968) (Expressed in US $)

	BANK LOANS			IDA CREDITS	
AFRICA	NUMBER	NET AMOUNT	NET AMOUNT LESS SALES AND REPAYMENTS	NUMBER	NET AMOUNT 1/
Algeria	3	$ 80,500,000	$ 23,837,000		
Botswana	-	---	---	1	$ 3,600,000
Burundi	1	4,800,000	1,789,000	1	1,100,000
Cameroon	1	7,000,000	7,000,000	2	11,550,000
Chad	-	---	---	2	5,900,000
Congo (Brazzaville)	1	30,000,000	30,000,000		
Congo (Democratic Rep.)	5	91,582,854	31,668,522		
Ethiopia	9	70,200,000	53,861,340	3	28,400,000
Gabon	3	48,788,722	16,670,722		
Ghana	1	47,000,000	45,643,000	1	10,000,000
Guinea	2	64,500,000	64,500,000		
Ivory Coast a/	2	12,891,567	5,800,000		
Kenya b/	5	85,200,000	56,785,149	9	42,600,000
Lesotho	-	---	---	1	4,100,000
Liberia	2	4,250,000	3,950,000		
Malagasy Republic	2	8,300,000	8,300,000	2	14,500,000
Malawi	-	---	---	5	27,500,000
Mali a/	-	---	---	1	9,100,000
Mauritania	1	66,000,000	2,683,093	1	6,700,000
Mauritius	1	6,973,119	2,022,520		
Morocco	5	74,749,041	69,930,655	1	11,000,000
Niger	-	---	---	2	7,620,000
Nigeria	7	200,000,000	183,024,094	2	35,500,000
Rhodesia c/	3	86,950,000	31,612,407		
Senegal a/	1	4,000,000	3,565,339	1	9,000,000
Sierra Leone	2	7,700,000	7,099,000		
Somalia	-	---	---	2	8,500,000
South Africa	11	241,800,000	17,321,798		
Sudan	6	134,000,000	115,706,000	2	21,500,000
Swaziland	2	6,950,000	4,705,000	1	2,800,000
Tanzania b/	1	5,200,000	5,110,000	5	27,900,000
Togo	-	---	---	1	3,700,000
Tunisia	5	42,485,481	41,299,409	3	23,862,598
Uganda b/	1	8,400,000	84,464	4	21,400,000
United Arab Republic	1	56,500,000	31,500,000		
Upper Volta a/	-	---	---		
Zambia c/	6	100,850,000	58,842,399		
	90	$ 1,597,570,784	$ 924,265,911	53	$ 337,832,598
ASIA					
Afghanistan	-	$ ---	$ ---	1	$ 3,500,000
Burma	3	33,123,943	18,706,589		
Ceylon	5	46,212,258	35,265,052	2	6,900,000
China	8	146,773,296	135,793,110	4	13,083,716
India	36	1,007,205,210	630,772,599	21	885,121,132
Indonesia	-	---	---	2	7,000,000
Iran	11	334,804,868	217,231,136		
Iraq	2	29,293,946	22,900,000		
Israel	5	109,412,479	98,617,000		
Japan	31	857,041,004	687,719,179		
Jordan	-	---	---	4	10,015,502
Korea	1	5,000,000	5,000,000	3	28,492,924
Lebanon	1	27,000,000	19,568,084		
Malaysia	9	202,500,000	189,881,721		
Pakistan	27	551,868,943	432,721,920	24	330,507,250
Papua and New Guinea	1	7,000,000	6,745,000		
Philippines	10	145,740,639	126,446,725		
Singapore	7	77,743,457	71,468,458		
Syria	-	---	---	1	8,500,000
Thailand	19	289,512,771	188,474,050		
	176	$ 3,870,232,814	$ 2,887,310,623	62	$ 1,293,120,524
AUSTRALIA	7	$ 417,730,000	$ 168,781,796		
NEW ZEALAND	4	$ 97,726,874	$ 91,107,522		

1/ Net of cancellations, refundings, and terminations.

a/ One loan for $7.5 million shown against Ivory Coast is shared with Mali, Senegal and Upper Volta.

b/ Three loans aggregating $75 million shown against Kenya are shared with Tanzania and Uganda.

c/ Three loans totalling $106.7 million have been assigned in equal shares to Rhodesia and Zambia.

TABLE VI (Cont'd)

CUMULATIVE BANK AND IDA LENDING BY COUNTRIES

(as of December 31, 1968) (Expressed in US $)

	BANK LOANS			IDA CREDITS	
	NUMBER	NET AMOUNT	NET AMOUNT LESS SALES AND REPAYMENTS	NUMBER	NET AMOUNT
EUROPE					
Austria	9	$ 104,860,083	$ 52,742,258		
Belgium	4	76,000,000	513,000		
Cyprus	2	18,068,412	15,989,212		
Denmark	3	85,000,000	40,232,531		
Finland	13	221,534,346	127,039,147		
France	1	250,000,000	---		
Greece	1	12,500,000	12,500,000		
Iceland	7	25,914,000	20,545,409		
Italy	8	398,028,000	144,137,261		
Luxembourg	1	11,761,983	---		
Malta	1	6,040,080	28,080		
Netherlands	10	236,451,985	---		
Norway	6	145,000,000	91,883,782		
Portugal	5	57,500,000	55,694,751		
Spain	4	187,161,832	183,738,317		
Turkey	8	95,684,967	55,181,999	7	$ 80,499,464
Yugoslavia	12	346,990,547	304,297,947		
	95	$2,278,496,235	$1,104,523,694	7	$ 80,499,464
WESTERN HEMISPHERE					
Argentina	5	$ 276,651,234	$ 255,285,004		
Bolivia	-	---	---	3	$ 17,000,000
Brazil	26	633,034,660	492,432,665		
Chile	15	213,443,187	160,685,066	1	19,000,000
Colombia	36	561,052,840	449,053,129	1	19,500,000
Costa Rica	8	50,676,251	37,635,235	1	4,550,243
Ecuador	9	63,300,000	43,888,009	2	13,100,000
El Salvador	8	53,018,632	29,970,636	1	8,000,000
Guatemala	4	46,500,000	31,416,000		
Guyana	2	5,919,017	5,064,017		
Haiti	1	2,600,000	849,000	1	$ 349,855
Honduras	8	46,817,613	38,049,000	3	15,927,974
Jamaica	4	37,012,988	35,751,531		
Mexico	21	766,905,679	608,783,863		
Nicaragua	15	59,858,828	39,402,000	1	2,994,834
Panama	5	18,047,426	8,759,000		
Paraguay	4	11,538,990	6,860,000	3	17,100,000
Peru	23	214,102,235	162,546,879		
Trinidad & Tobago	4	44,390,424	27,857,231		
Uruguay	6	102,163,116	62,556,000		
Venezuela	7	247,266,783	231,297,775		
	211	$ 3,454,299,903	$ 2,728,142,040	17	$ 117,522,906
INTERNATIONAL FINANCE CORPORATION	1	$ 100,000,000	$ 100,000,000		
Bank Total, 85 Countries + IFC	584	$ 11,816,056,610	$ 8,004,131,586		
IDA Total, 43 Countries				139	$1,828,975,492

TABLE VII
SUMMARY OF IFC OPERATIONS

(Cumulative)
(Expressed in U.S. $)

FISCAL YEAR 1/	NUMBER OF COMMITMENTS INCLUDING SUPPLEMENTAL COMMITMENTS	OPERATIONAL INVESTMENTS	STANDBY AND UNDERWRITING COMMITMENTS	TOTAL COMMITMENTS	DISBURSEMENTS
1956/57	1	$ 2,000,000	$ -	$ 2,000,000	$ -
1957/58	8	8,710,000	-	8,710,000	3,317,000
1958/59	14	10,565,000	-	10,565,000	6,560,000
1959/60	14	23,747,000	-	23,747,000	12,825,273
1960/61	10	6,159,000	-	6,159,000	10,378,563
1961/62	10	18,397,420	2,942,500	21,339,920	11,876,176
1962/63	12	12,939,005	5,111,357	18,050,362	15,914,726
1963/64	18	18,251,441	2,549,708	20,801,149	15,584,141
1964/65	16	19,689,811	5,952,779	25,642,590	16,262,799
1965/66	21	26,848,349	8,497,973	35,346,322	21,841,002
1966/67	14	49,014,779	8,501	49,023,280	25,423,665
1967/68	16	41,400,133	9,020,000	50,420,133	33,086,915
1968/69 to Dec 31/68	8	15,273,405	2,079,357	17,352,762	16,409,151
Gross Commitments, net of exchange adjustments	162	$252,995,343	$36,162,175	$289,157,518	$189,479,401
Cancellations and terminations		14,705,343	234,321	14,939,664	
Net Commitments		$238,290,000	$35,927,854	$274,217,854	

1/ Fiscal years are those of the World Bank Group (July 1 to June 30)

TABLE VIII

PURPOSES FOR WHICH IFC INVESTMENTS AND STANDBY AND UNDERWRITING COMMITMENTS HAVE BEEN MADE

DEVELOPMENT FINANCE COMPANIES	$ 27,452,945
INDUSTRY	
Manufacturing	
Iron & Steel Basic Industries	$ 46,937,797
Chemicals & Chemical Products (including fertilizer)	45,129,543
Paper and Paper Products	32,487,132
Non-ferrous Metal Basic Industries	24,344,015
Non-Metallic Mineral Products (including cement)	22,178,912
Food Industries	21,558,821
Machinery & Transport Equipment	18,617,535
Textile Industries	17,383,016
Petroleum Products	8,380,000
Miscellaneous	4,092,991
Electricity Supply	12,000,000
Tourism	5,992,121
Agriculture	1,602,690
Storage & Warehousing	1,000,000
Gross Commitments	$289,157,518

ACQUISITION BY OTHERS OF SECURITIES COVERED BY IFC STANDBY AND UNDERWRITING COMMITMENTS
(Expressed in U.S. $)

Fiscal Year 1/	
1962/63	$ 2,812,975
1963/64	4,538,571
1964/65	6,107,068
1965/66	4,514,284*
1966/67	(25,021)
1967/68	7,033,027
1968/69 to Dec. 31/68	1,094,994
	$26,075,898

* Including agreements to place portions of non-effective commitments in the following amounts:

1965/66	$ 1,135,940

LOANS AND EQUITY SOLD OR AGREED TO BE SOLD BY IFC

Fiscal Year 1/	
In all investments prior to July 1, 1960	$ 6,011,000
1960/61	2,885,000
1961/62	1,246,500
1962/63	6,737,294**
1963/64	5,540,729**
1964/65	7,100,322**
1965/66	5,252,580**
1966/67	7,351,403**
1967/68	11,536,464**
1968/69 to Dec. 31/68	8,070,115**
	$61,731,407

** Including agreements to sell portions of non-effective investments in the following amounts:

1962/63	$ 1,087,000
1963/64	1,959,829
1964/65	609,800
1965/66	1,230,000
1966/67	1,445,600
1967/68	928,571
1968/69 to Dec. 31/68	854,499

1/ Fiscal years are those of the World Bank Group (July 1 to June 30)

TABLE IX

ANNEX IX

IFC INVESTMENTS AND COMMITMENTS BY COUNTRIES

(As of December 31, 1968) (Expressed in US $)

	No. of Investments and Standby and Underwriting Commitments	Operational Investments	Standby and Underwriting Commitments	Total Commitments
AUSTRALIA				
Australia	3	$ 975,000		$ 975,000
AFRICA				
Ethiopia	3	9,745,229	$ 3,708,501	13,453,730
Ivory Coast	1	204,081		204,081
Kenya	2	3,073,186		3,073,186
Liberia	1	-	250,000	250,000
Mauritania	1	20,006,515		20,006,515
Morocco	2	2,884,260		2,884,260
Nigeria	3	1,571,031	1,400,000	2,971,031
Senegal	1	3,459,766		3,459,766
Sudan	1	688,893		688,893
Tanzania	2	4,657,485		4,657,485
Tunisia	2	4,075,926		4,075,926
Uganda	1	3,508,436		3,508,436
	20	$ 53,874,808	$ 5,358,501	$ 59,233,309
ASIA AND THE MIDDLE EAST				
India	11	$ 23,392,538		$ 23,392,538
Iran	1	300,000		300,000
Korea	1	702,043		702,043
Malaysia	3	5,839,603	$ 490,000	6,329,603
Pakistan	10	21,774,404		21,774,404
Philippines	2	12,000,000	4,359,063	16,359,063
Thailand	2	493,108		493,108
	30	$ 64,501,696	$ 4,849,063	$ 69,350,759
EUROPE				
Finland	4	$ 2,989,001	$ 158,644	$ 3,147,645
Greece	5	6,345,002		6,345,002
Italy	1	960,000		960,000
Spain	5	3,947,639		3,947,639
Turkey	3	2,623,056		2,623,056
	18	$ 16,864,698	$ 158,644	$ 17,023,342
WESTERN HEMISPHERE				
Argentina	5	$ 13,710,000		$ 13,710,000
Brazil	11	41,429,907		41,429,907
Chile	9	10,291,346		10,291,346
Colombia	26	15,209,605	$ 352,109	$ 15,561,714
Costa Rica	2	278,751	310,801	589,552
Ecuador	1	1,963,309		1,963,309
El Salvador	1	140,000		140,000
Guatemala	1	200,000		200,000
Honduras	2	377,500		377,500
Jamaica	2	3,137,000		3,137,000
Mexico	14	6,513,642	22,539,338	29,052,980
Nicaragua	1	2,071,428		2,071,428
Peru	9	8,979,941		8,979,941
Venezuela	7	12,476,712	2,593,719	15,070,431
	91	$116,779,141	$25,795,967	$142,575,108
TOTALS	162	$252,995,343	$36,162,175	$289,157,518

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Publications

CANADA

Department of Finance
Ministère des Finances

REPORT ON OPERATIONS

under

THE BRETTON WOODS AGREEMENTS ACT

and

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

CALENDAR YEAR 1969

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International Monetary Fund
World Bank
International Development Association
International Finance Corporation

Hon. E.J. BENSON
Minister of Finance

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INTRODUCTORY NOTE

This report reviews the operations during the year 1969 of the Bretton Woods' Institutions: the International Monetary Fund (IMF) and the World Bank Group, which consists of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC).

The IMF (the "Fund") and the IBRD (the "Bank") were established at the Bretton Woods' Conference in 1944 and Canadian participation in these Institutions was authorized under the Bretton Woods' Agreements Act of 1945. The IFC was founded in 1956 as an affiliate of the IBRD by means of separate articles of agreement to which Canada is a party, and Canadian participation in the International Development Association was authorized under the International Development Association Act, 1960.

These institutions are closely linked. Membership in the Fund is a pre-requisite for membership in the Bank and membership in the Bank a pre-requisite for membership in the IDA and the IFC. The IMF concerns itself with promoting international financial stability and cooperation and, thus, with exchange matters and the operation of the balance of payments system. The IBRD, on the other hand, focuses its attention on economic development, particularly development financing; the IDA and the IFC provide specialized financing services not offered by the IBRD. Cooperation between these organizations is facilitated by the fact that their headquarters are located in the same office complex in Washington, D.C.

As specialized agencies of the United Nations, the Fund and Bank report annually to the Economic and Social Council (ECOSOC), and the President of the Bank and the Managing Director of the Fund are members of the Inter-Agency Consultative Board of the UNDP and of the U.N. Administrative Committee on Coordination.

Both the Fund and the World Bank Group use the U.S. dollar as their basic unit of account. Dollar figures throughout the report are, therefore, expressed in terms of U.S. currency unless otherwise indicated.

INTERNATIONAL MONETARY FUND

1. General Background

The activities of the International Monetary Fund are directed towards facilitating the expansion and balanced growth of world trade as a means of raising standards of living and of fostering economic development. Its membership subscribes to a system of agreed exchange rates and to the eventual elimination of exchange restrictions. It has assets of $23 billion, available for short-to-medium term lending to member countries with temporary balance of payments difficulties. Finally, it constitutes a centre for international cooperation and a source of counsel and technical assistance to its members.

Fund members anticipating a requirement for financial assistance from the Fund have either one of two alternatives open to them. First of all, they can arrange for the purchase of other members' currencies from the Fund in exchange for their own currencies, with the transaction in its entirety becoming effective immediately. Alternately they may arrange for a "standby arrangement" with the Fund, which guarantees the member country concerned access, in case of need and for a specific period, to Fund resources up to a specified limit. In either case, currencies obtained by the Fund from member countries drawing other members' currencies must be repurchased by these member countries, using gold or convertible currencies, within a period not exceeding five years from the date of the drawing.

Total assets of the Fund on December 31, 1969, were in excess of $23 billion, offset in part by loans from member countries of $971 million, all but $250 million representing loans owing to participants under the General Arrangements to Borrow. There remained in excess of $5 billion available to the IMF under the GAB. Fund holdings of member currencies on that date amounted to almost $19 billion and gold holdings to almost $3½ billion. Currency holdings included Canadian currency equivalent to $357 million, representing 48% of the current Canadian quota of $740 million.

During the year 1969 a total of 41 members obtained support from the Fund. Total drawings by member countries during the year amounted to $2,844 million and, at year end, $849 million remained available but not yet drawn under existing standby arrangements. Details as to individual transactions are provided in the attached tables.

2. 1969 Highlights

During 1969 amendments to the Articles of Agreement were formally approved establishing the machinery for the creation of Special Drawing Rights in the Fund. These amendments provide,

among others, for the creation of a General Account in the IMF to carry out henceforth the traditional operations of the Fund, and of a Special Account for the creation and transfer between the participating members of the new fiduciary reserve asset.

Subsequently, at the 1969 Annual Meeting in Washington, D.C., in September, the Board of Governors approved a proposal by the Managing Director, concurred in by the Executive Board, that this machinery be activated and that a total of $9.5 billion of SDRs be created during an initial three-year period, from January 1, 1970, to December 31, 1972. Of this amount $3.5 billion of SDRs would be allocated to 104 participating member countries (out of a total membership of 115) on January 1, 1970, and another $3 billion on January 1st of each of the two succeeding years. Under this proposal Canada would be allocated newly created SDRs equivalent to $124.3 million on January 1, 1970, and corresponding amounts on the first day of each of the next two years.

The Articles of Agreement provide that quotas be reviewed every five years. During 1969 the most recent quinquennial quota review was completed and, as a result, the Executive Board, on December 30, 1969, submitted to the Board of Governors proposals to increase the total of members' quotas from the then existing $21.3 billion level to about the $28.9 billion level. The individual quota increases envisaged would not take effect prior to October 30, 1970. Under these proposals Canada's quota will increase from the present $740 million to the $1,100 million level and will remain the 6th largest quota in the organization. This increase in the Canadian quota will require the payment to the Fund by Canada of $90 million in gold and $270 million in Canadian currency in the form of non-interest bearing, non-negotiable notes.

There were a number of changes in countries' exchange rate parities during 1969. The most important of these occurred on August 10, when the French authorities announced a devaluation in the parity value of the French franc, and on October 26, when the German authorities announced a revaluation of the German mark. As a result of these changes the value of the French franc in terms of U.S. currency fell to $.18 from $.202, and the value of the German mark rose to $.273 from $.25.

During the closing days of 1969, the IMF made public an exchange of letters between the U.S. and South African authorities which outlined the terms of an agreement concerning disposal of South Africa's new gold production, removing an element of uncertainty which had had a destabilizing effect on world gold markets during most of 1968 and 1969. This agreement provided that South Africa would sell newly mined gold in the free market in sufficient quantities to enable it to balance its international payments, unless the free market price fell below the official level of $35 an ounce, in which

case South Africa could sell its newly mined gold to the IMF. Furthermore, to the extent that the proceeds from the sale of newly mined gold fell short of South Africa's overall balance of payments needs, the remainder could be financed by the sale of gold from South Africa's official reserves to the IMF. This agreement was negotiated by the U.S. and South Africa, and adopted as an IMF decision.

Also, during 1969, the Bretton Woods' institutions considered further means whereby they could contribute toward a solution of the problems facing primary producing countries because of fluctuations in export prices and earnings. As a result the Executive Directors of the Fund during the year adopted a decision establishing a new facility to assist in financing contributions to buffer stock arrangements when members, having a balance of payments need, participate in such arrangements under commodity agreements that meet appropriate criteria. Under this decision, countries may borrow from the Fund up to 50% of their quotas for the purpose of financing buffer stocks, provided that the combined borrowings by any member country under this facility and under the compensatory financing facility do not exceed 75% of that Member's quota.

3. IMF Relations With Canada

In August, 1969, Mr. Louis Rasminsky was appointed Governor for Canada in the IMF, replacing the Minister of Finance, the Honourable E.J. Benson. Mr. Alan B. Hockin, Assistant Deputy Minister of Finance, replaced Mr. Rasminsky as Canada's Alternate Governor.

During 1969 consultations under Article VIII of the Articles of Agreement between the IMF staff and the Canadian authorities did not take place. During the early part of 1969, however, a small group of IMF officials did pay a brief visit to Ottawa for the purpose of conducting unofficial discussions of a general nature with the Canadian authorities.

Details as to the use of Canadian currency in Fund transactions are provided in Table 1, attached. Of the total Canadian currency used by the IMF during 1969, a total of $65.5 million represented the proceeds of loans by the Government of Canada to the IMF under the General Arrangements to Borrow. In addition, in December, 1969, Canada acquired from another Fund member $30 million in notes previously issued to that member under the General Arrangements to Borrow.

On October 8, 1969, a dividend payment in the amount of $187,841.36 was received by Canada from the IMF in respect of Canada's creditor position during the preceding year.

PUBLICATIONS OF THE INTERNATIONAL MONETARY FUND IN 1969

Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1969 (English, French, and Spanish editions; a condensed version in German)

Articles of Agreement of the International Monetary Fund (as amended effective July 28, 1969--English, French, and Spanish editions)

Balance of Payments Yearbook, Vol. 20, 1963-67 (issued in monthly loose-leaf installments and a bound volume). Vol. 21, 1964-68 (partially issued in monthly loose-leaf installments, to be completed in 1970)

By-Laws, Rules and Regulations, 27th Issue, February 14, 1969 (English); 28th Issue, October 20, 1969 (English, French and Spanish editions)

Direction of Trade (published jointly by the International Monetary Fund and the International Bank for Reconstruction and Development--monthly and an annual summary)

Finance and Development (a quarterly publication of the International Monetary Fund and the International Bank for Reconstruction and Development issued in English, French, and Spanish editions, with an annual Portuguese language edition issued in Brazil)

International Financial News Survey (weekly)

International Financial Statistics (monthly, issued in an English edition and in an English, French, and Spanish edition)

Pamphlets: No. 10 - Balance of Payments Concepts and Definitions (2nd edition, English, French, and Spanish)

No. 11 - Interpretation by the Fund (French and Spanish editions)

No. 12 - The Reform of the Fund (English edition)

No. 13 - Special Drawing Rights (English and Spanish editions)

The Problem of Stabilization of Prices of Primary Products: Part I, A Joint Staff Study, published jointly with the International Bank of Reconstruction and Development; Part II, Report of the Executive Directors, Scope for Action by the Fund (English, French, and Spanish editions)

A Report to the Board of Governors of the International Monetary Fund Containing the Managing Director's Proposal on the Allocation of Special Drawing Rights for the First Basic Period (English, French, and Spanish editions)

Schedule of Par Values, 47th Issue, June 30, 1969

Staff Papers, Vol. XVI, Nos. 1, 2, and 3

Summary Proceedings of the Annual Meeting, 1969

Surveys of African Economies: Vol. 1; Cameroon, Central African Republic, Chad, Congo (Brazzaville), and Gabon (French edition)

Vol. 2; Kenya, Tanzania, Uganda, and Somalia (English edition)

Twentieth Annual Report on Exchange Restrictions, 1969

For further information about these publications, contact

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19th & H Streets N.W.,
Washington, D.C., 20431,
U.S.A.

TABLE I

PURCHASES AND REPURCHASES OF CURRENCIES FROM THE FUND

January 1 - December 31, 1969

Member	Purchases		Repurchases	
	Total Amount	Canadian Currency Component	Total Amount	Canadian Currency Component
	(in millions of dollars)			
Afghanistan	13.00		8.20	
Belgium	116.50	(25.00)	32.90	(17.00)
Bolivia	11.00		8.00	
Burundi	3.50		0.20	
Ceylon	13.00		14.60	
Chile	29.00	(15.00)	51.00	
Colombia	33.20	(4.00)	39.60	
Costa Rica	-		11.80	
Cyprus	-		0.40	
Denmark	45.00		-	
Dominican Republic	14.00	(6.00)	8.00	
Ecuador	18.00		5.20	
El Salvador	12.20		15.00	
Finland	-		27.20	
France	500.80	(36.5)	-	
Germany	880.00	(60.0)	-	
Ghana	5.00		12.80	(2.50)
Guatemala	6.00		8.20	
Guinea	3.8		0.50	
Haiti	1.5		2.20	
Honduras	-		2.50	
Iceland	7.5		-	
India	-		148.00	(10.00)
Indonesia	65.8		17.60	
Israel	45.00		-	
Liberia	1.40		4.40	
Mali	2.50		4.00	
Mauritius	4.00		-	
Morocco	10.00		4.80	
New Zealand	-		20.60	
Nicaragua	14.00	(14.00)	15.00	
Nigeria	-		3.10	
Pakistan	35.00		14.90	
Panama	6.40		1.80	
Peru	30.00	(16.00)	5.40	
Rwanda	2.00		3.00	
Sierra Leone	-		1.50	
Somalia	-		0.90	
South Africa	66.20	(10.00)	50.00	
Spain	-		0.10	
Sudan	2.50		3.10	
Syria	9.50	(4.50)	9.40	
Trinidad & Tobago	-		1.00	
Tunisia	2.00		6.20	
Turkey	10.00	(5.00)	21.50	(2.00)
United Arab Rep.	-		24.00	(0.90)
United Kingdom	850.00	(97.50)	918.50	(10.00)
Uruguay	1.80		13.10	
Yugoslavia	-		37.80	

TABLE II

STAND-BY ARRANGEMENTS

(Through December,1969,in millions of US Dollars)

Amounts Available Under Arrangements Currently in Effect

	Date of Arrangement	Date Expiration	Amount	Drawn	Available
Afghanistan	Oct 23, 1969	Oct 22, 1970	12.00	6.00	6.00
Bolivia	Jan 16, 1969	Jan 15, 1970	20.00	11.00	9.00
Brazil	Apr 29, 1969	Apr 28, 1970	50.00	-	50.00
Burma	Nov 24, 1969	Nov 23, 1970	12.00	-	12.00
Burundi	Apr 19, 1969	Apr 18, 1970	4.00	3.50	0.50
Ceylon	Aug 12, 1969	Aug 11, 1970	19.50	10.00	9.50
Chile	Apr 19, 1969	Apr 18, 1970	40.00	20.00	20.00
Colombia	Apr 19, 1969	Apr 18, 1970	33.20	27.00	6.20
Ecuador	Apr 7, 1969	Apr 6, 1970	18.00	18.00	-
El Salvador	July 15, 1969	July 14, 1970	17.00	6.00	11.00
France	Sept 19, 1969	Sept 18, 1970	985.00	500.00	485.00
Ghana	May 29, 1969	May 28, 1970	5.00	3.00	2.00
Guatemala	Aug 1, 1969	July 31, 1970	12.00	6.00	6.00
Guyana	Mar 29, 1969	Mar 28, 1970	4.00	-	4.00
Honduras	Feb 1, 1969	Jan 31, 1970	11.00	-	11.00
Indonesia	Apr 4, 1969	Apr 3, 1970	70.00	59.00	11.00
Liberia	June 1, 1969	May 31, 1970	2.00	-	2.00
Mali	Oct 23, 1969	Oct 22, 1970	3.00	1.50	1.50
Morocco	Dec 15, 1969	Dec 14, 1970	25.00	-	25.00
Nicaragua	May 26, 1969	May 25, 1970	15.00	14.00	1.00
Panama	Jan 16, 1969	Jan 15, 1970	3.20	2.20	1.00
Rwanda	Apr 28, 1969	Apr 27, 1970	2.00	2.00	-
Sierra Leone	Mar 28, 1969	Mar 27, 1970	2.50	-	2.50
Somalia	Jan 20, 1969	Jan 19, 1970	6.00	-	6.00
Turkey	July 1, 1969	June 30, 1970	27.00	10.00	17.00
United Kingdom	June 20, 1969	June 19, 1970	1,000.00	850.00	150.00

THE WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

(a) Purpose and Functions

The primary function of the World Bank and IDA is to extend loans and credits to member countries, mainly the developing countries, for projects which the Bank's studies have indicated will make an important contribution to the borrower's economic development. The two organizations differ essentially in the sources of their funds and the terms of their loans. The World Bank obtains most of its funds by borrowing in private capital markets and accordingly it must lend on similar terms. IDA relies on interest-free advances from Governments for the bulk of its resources and thus can make loans on much softer terms. Otherwise the IBRD & IDA have similar policies. The two organizations are served by the same staff.

To provide the general guidelines within which its financing activities are conducted, the Bank seeks to acquire a comprehensive picture of the position and prospects of borrowing countries' economies and their development requirements. This makes it possible to identify economic sectors and projects which should be given high priority, and to form judgments on questions relevant to a borrowing country's economic growth, economic policies and its eligibility for Bank or IDA financing.

By giving continuous attention to the economic situation of developing member countries the Bank also seeks to help such countries make more effective use of all resources at their disposal, both domestic and foreign. It does so by providing assistance in formulating development policies, establishing development organizations, drawing up investment programmes for specific sectors and regions, identifying and preparing projects for financing, and encouraging the co-ordination of development assistance from bilateral and multilateral agencies.

In respect of coordination, the Bank has taken the lead in establishing "consortia" and "consultative groups" for 14 recipient countries and by participating in four additional aid groups and consortia. Twenty-two aid-giving nations have been associated with one or more of these aid-coordinating activities.

The Bank also maintains close working relationships with other international organizations concerned with development assistance, particularly the United Nations, the United Nations Development Programme (UNDP), the UN's specialized agencies, the regional development banks and the Organization for Economic Cooperation and Development. For example, the Bank and the United Nations exchange information and coordinate technical assistance and other development activities through a high level liaison committee while the Bank Group has acted as executing agency for a number of pre-investment studies financed by the UNDP.

(b) Resources

The Bank's funds have come primarily from three sources:

(i) Paid-in capital: Of authorized capital of $24 billion at the end of 1969, about $23 billion had been subscribed and $2.3 billion of this amount, or 10%, had been paid-in. Of the paid-in portion, about $1.9 billion was freely usable in the Bank's operations. (An increase in subscribed capital of $2.2 billion, corresponding to the proposed increase in Fund quotas, has been recommended by the Executive Directors to the Board of Governors. The paid-in portion of this amount would be $222 million, of which Canada's share would be approximately $15 million.)

(ii) Borrowing: As of December 31, 1969, the Bank had borrowed a total of $8.1 billion since the commencement of operations, of which $4.3 billion was outstanding.

(iii) Net Income from Operations: As of December 31, 1969, retained earnings available for operations amounted to approximately $1 billion. Net income in 1969 was $189 million, compared to $169 million in 1968.

IDA's loanable resources have been derived largely from budgetary allocations from its member governments, principally the developed country or Part I members. Total usable resources made available or committed to IDA from the beginning of its operations to the end of 1969 were approximately $3.2 billion, of which $2.7 billion had been provided by Part I countries. The balance was derived from transfers by the World Bank ($385 million) of a portion of its net earnings to IDA, subscriptions by developing country members ($44 million), IDA's own net income ($34 million) and a loan from Switzerland ($12 million).

(c) Loans and Credits

By December 31, 1969, the Bank had lent a total of $13.4 billion to 88 of its 112 members. The Bank's loans are long term (15 to 30 years) and carry conventional rates of interest. The rate was increased in July, 1969, from 6.5% to 7%.

By December 31, 1969, IDA had extended total credits of $2.3 billion to 51 of its member countries. IDA's loans are interest free (though there is a service charge of 3/4 of 1%) and for a 50-year term with 10 years' grace. In the main they are confined to countries where per capita incomes are exceptionally low and which cannot meet all of their external capital requirements on conventional terms.

INTERNATIONAL FINANCE CORPORATION

The IFC supplements the activities of the Bank and IDA by making and encouraging investments on commercial terms in productive private enterprises in developing member countries. With the addition of two countries during 1969, it now has 92 members. Its resources have been derived largely from paid-in capital subscribed by member governments, which rose to $106.6 million in 1969, and from borrowings from the World Bank of $200 million.

IFC made additional commitments during 1969 of $88.2 million, bringing the total of gross commitments since inception of operations to $377.4 million in 40 countries. (Net commitments, after deduction of cancellations and terminations, were $354.8 million.) Of gross commitments approximately $158 million have been in Latin America (38%), $125 million in Asia and the Middle East (33%), $69 million in Africa (21%) and $25 million in Europe and Australasia (8%).

The Commission on International Development

In August, 1968, Mr. Robert S. McNamara, President of the World Bank Group, announced the establishment of "The Commission on International Development" (the Pearson Commission) to be headed by the Rt. Hon. Lester B. Pearson. The Commission was charged with the task of examining the problems and progress experienced in the field of international aid and development over the past 20 years and to make recommendations on policies and methods to help promote economic growth in the developing world in the years to come.

The Commission's Report, entitled "Partners in Development", was published in October, 1969. It outlines a broad strategy and makes a series of recommendations with a view to achieving more effective and coordinated economic assistance to the developing world. A number of the Commission's recommendations relate directly to the work of the World Bank Group. The Executive Directors are to review these recommendations and their conclusions will be reported to the Board of Governors.

The Commodity Problem

In 1967, the Boards of Governors of the IBRD and IMF requested the staffs and Executive Directors of the two organizations to study the problem of stabilization of prices of primary commodities at a remunerative level, including ways in which the Fund and the Bank might contribute to solutions. Following extensive study and discussion, the Executive Directors transmitted their reports on this matter to the Governors in 1969. The Bank report announced the adoption of a number of important decisions envisaging increased activity on the part of the World Bank Group in helping countries to diversify their production, strengthen the competitiveness of primary products in world trade, and participate more effectively in international commodity arrangements aimed at stabilizing world prices.

Loans, Credits and Investments

Total loans, credits and investments made by the World Bank Group in 1969 and in the three preceding years are as follows:

	(in millions of US dollars)			
	1966	1967	1968	1969
World Bank	801 (a)	592	1,094	1,225 (c)
IDA	478	68	256 (b)	463
IFC	54	38	48	88
	1,333	698	1,398	1,776

Table I annexed to this Report lists World Bank and IDA loans and credits in 1969 according to geographical area and purpose, while Table II is a historical summary of loans and credits by year, geographical area and purpose. IFC investments and commitments by year and by purpose since the commencement of operations are listed in Table III.

World Bank Borrowings

Although even tighter conditions developed in world capital markets during 1969, the Bank sold nearly $745 million in eleven bond note issues, (compared to $1,237 million in 1968). There were seven short term issues, i.e., five years or less, totalling $567 million. Of these issues, five in an amount of approximately $200 million, were sold in Germany and two, totalling $368 million, were taken up by central banks and other governmental accounts in a large number of countries, and by international agencies. Longer term issues, of which there were four, totalled $178 million and were all marketed in Germany. After deducting issues which matured in 1969, the net increase in the Bank's funded debt as a result of new borrowings was about $500 million, compared to $600 million in 1968.

IDA Replenishment

An Agreement among IDA's 18 developed members concerning the Second Replenishment of IDA's resources came into effect on July 23, 1969, or approximately one year later than originally scheduled. The Agreement will provide IDA with approximately

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(a) Exclusive of $100 million loan to IFC.
(b) Includes $125 million credit presented to IDA Executive Board in 1968 but formally approved in February, 1969.
(c) Exclusive of $100 million loan to IFC.

$1,200 million in additional funds, of which Canada's share is $75 million (Can. $81 million). It is expected that all these funds will have been committed by June 30, 1971. Accordingly, at the initiative of Mr. McNamara, discussions have started among developed member countries on arrangements for a Third Replenishment.

CANADA AND THE WORLD BANK GROUP

Board of Governors

In August, 1969 Mr. Maurice F. Strong, President of the Canadian International Development Agency, replaced Mr. Alan B. Hockin, Assistant Deputy Minister of Finance, as Canada's Alternate Governor of the Bank. The Honourable Edgar J. Benson, Minister of Finance, continued as Canada's Governor.

Funds Subscribed or Contributed

Canada's subscription to the World Bank's capital amounts to $792 million (Can. $856 million), or 3.43% of the total. Like other members, Canada has paid in only one-tenth of its subscription, so that its actual contribution to the Bank's lendable capital is $79.2 million (Can. $85.6 million). The remaining nine-tenths of all subscriptions constitute a guarantee of the Bank's obligations.

Since IDA's inception in 1960, Canada has contributed or pledged to the Association $154 million (Can. $167 million), including the recent contribution to the Second Replenishment of $75 million (Can. $81 million).

Canada's subscription to IFC amounts to $3.6 million (Can. $3.89 million) of IFC's paid-in capital of $106.6 million.

World Bank Borrowings in Canada

Over the years, the Bank has offered seven bond issues in the Canadian market totalling $125 million (Can. $135 million) of which approximately $73 million (Can. $79 million) is still outstanding. The Bank has also placed in Canada some of the two-year dollar bond issues which it has been offering for a number of years to central banks and other governmental agencies. Two such issues were offered in 1969 (at interest rates of 6.75% and 8% respectively) and Canada purchased $12.5 million of each.

Canadian investors have also purchased World Bank bonds sold in markets outside Canada. The amount of these purchases is not known but, of bonds sold in the United States, Canadian investors are believed to have held about $110 million at December 31, 1969. In addition, several Canadian institutions have bought portions of loans from the Bank's portfolio, or have participated in Bank loans at the time they were made. Their holdings on this account were $6.4 million as of December 31, 1969.

Canadian Goods and Services for Projects Financed by the Bank and IDA

Total identifiable expenditures in Canada by World Bank and IDA borrowers to December 31, 1969, were $247.3 million (Can. $260.5 million). More than one-half of the 88 countries which had borrowed from the Bank, as well as 16 of 51 borrowers from IDA, had entered the Canadian market to buy equipment and services financed by Bank and IDA loans. Details of the expenditures made, by year and by industrial sector, are provided in Table IV.

Canadian Personnel

There were 121 Canadian nationals on the staff of the World Bank Group at the end of 1969; 37 were in professional positions, including two of the Bank's senior officers.

Canada's Contribution as a Member of Consortia and Consultative Groups Organized by the Bank

Canada has been a member of the Consortia for Aid to India and Pakistan since their establishment in 1958 and 1960 respectively. As a member of the India Consortium, Canada had signed aid agreements to September 30, 1969, of $390 million (Can. $419 million), of a total of $7.2 billion which the Consortium as a whole agreed to provide. In the Pakistan Consortium, Canada had signed agreements of $225 million (Can. $242 million) of the approximately $3.5 billion in agreements signed by the Consortium.

In addition, Canada has been a member of Consultative Groups organized by the Bank to coordinate development assistance to Ceylon, Colombia, East Africa, Korea, Malaysia, Morocco, Nigeria, Peru, the Sudan, Thailand and Tunisia. It has also participated in World Bank-sponsored joint financing of projects in Mexico and Colombia by extending long-term export credits.

TABLE I

IBRD LOANS AND IDA CREDITS - 1969
(Millions of U.S. dollars)

BY AREA	BANK		IDA		TOTAL		
	Amount	No. Loans	Amount	No. Credits	Amount	No.	No. Countries
Africa	277.0	27	95.8	20	372.8	47	23
Asia	444.5	20	340.8	15	785.3	35	14
Europe	156.5	9	12.0	1	168.5	10	6
Western Hemisphere	347.2	17	14.6	3	361.8	20	12
	1,225.2	73	463.2	39	1,688.4	112	55
BY PURPOSE							
Agriculture	358.5	20	83.5	11	442.0	31	
Transportation	288.0	17	144.1	11	432.1	28	
Industry	221.0	10	125.0	1	346.0	11	
Electric Power	243.1	13	22.4	2	265.5	15	
Telecommunication	49.5	4	46.0	4	95.5	8	
Education	39.3	5	33.2	4	72.5	9	
Water Supply	25.0	3	3.5	1	28.5	4	
Project Preparation and Technical Assistance	0.8	1	5.5	5	6.3	6	
	1,225.2	73	463.2	39	1,688.4	112	

TABLE II

IBRD LOANS AND IDA CREDITS - 1946/47 TO 1969/70
(Millions of U.S. dollars)

BY FISCAL YEAR [1]	IBRD LOANS No.	IBRD LOANS Amount	IBRD LOANS Disbursements	IDA CREDITS No.	IDA CREDITS Amount	IDA CREDITS Disbursements
Cumulative to 1959-60	265	5,180.6	3,921.2			
1960/61	27	609.9	398.5	4	101.0	
1961/62	29	882.3	485.4	18	134.1	12.2
1962/63	28	448.7	620.4	17	260.0	56.2
1963/64	37	809.9	558.9	18	283.2	124.1
1964/65	38	1,023.3	605.7	20	309.1	222.2
1965/66	37	839.2	668.4	12	284.1	266.9
1966/67	46	876.8	790.4	20	353.5	342.1
1967/68	44	846.9	772.0	18	106.6	318.8
1968/69	84	1,399.2	762.0	38	385.0	255.8
1969/to Dec. 31	22	514.3 [2]	360.3	13	121.7	62.0
	657	13,431.1	9,943.2	178	2,338.3	1,660.3
BY AREA [3]						
Africa	117	1,873.0		73	433.6	
Europe	104	2,435.0		8	92.5	
Asia	196	4,297.1		77	1,633.8	
Australasia	11	515.4		-	-	
Western Hemisphere	228	3,794.4		20	132.1	
International Finance Corporation	1	200.0		-	-	
	657	13,114.9		178	2,292.0	
BY PURPOSE [3]						
Reconstruction		496.8			-	
Electric Power		4,264.1			142.8	
Transportation		3,992.9			783.6	
Communication		193.4			120.8	
Agriculture		1,233.9			406.5	
Industry		1,974.3			46.1	
General Development and Program Loans		552.3			580.0	
Water Supply		108.8			37.6	
Education Projects		97.5			162.1	
Project Preparation		0.9			8.5	
Technical Assistance		-			4.0	
International Finance Corporation		200.0			-	
		13,114.9			2,292.0	

[1] Fiscal years are those of the World Bank Group (July 1 to June 30).

[2] A $100 million Bank loan made to IFC in 1966 was consolidated into a single loan of $200 million in December, 1969.

[3] The figures are rounded and are net of cancellations, refundings and terminations.

TABLE III

SUMMARY OF IFC OPERATIONS
(Millions U.S. $)

FISCAL YEAR	Operational Investments	Stand By and Underwriting Commitments	Total Commitments	No. Commitments	Disbursements
56-60 cumulative	45.0		45.0	37	22.7
60-61	6.2		6.2	10	10.4
61-62	18.4	2.9	21.3	10	11.9
62-63	13.0	5.1	18.1	12	15.9
63-64	18.2	2.6	20.8	18	15.6
64-65	19.7	6.0	25.7	16	16.3
65-66	26.8	8.5	35.3	21	21.8
66-67	49.0	-	49.0	14	25.4
67-68	41.4	9.0	50.4	16	33.1
68-69	87.8	5.1	92.9	27	33.4
69 to December 31/69	10.2	2.5	12.7	6	46.2
oss Commitments, net exchange adjustments	335.7	41.7	377.4	187	252.7
ncellations and erminations	22.3	0.3	22.6		
: Commitments	313.4	41.4	354.8		
PURPOSE					
Development Finance Companies					31.0
Industry					
Manufacturing					
Iron and Steel			54.6		
Fertilizer			53.6		
Cement and Other Construction Materials			45.6		
Paper and Paper Products			43.0		
Textiles and Fibres			25.1		
Food and Food Processing			24.2		
Machinery			17.4		
Chemical and Petrochemical Products			13.3		
Other Manufacturing			4.9		
			281.7		
Non-Manufacturing					
Mining			24.4		
Utilities and Printing and Publishing			23.5		
Tourism			16.8		
			64.7		346.4
Gross Commitments					377.4

TABLE IV

DISBURSEMENTS BY IBRD AND IDA BORROWERS FOR GOODS AND SERVICES IN CANADA TO DECEMBER 31, 1969

(In millions of U.S. dollars)

BY YEAR	IBRD	IDA	TOTAL
Cumulative to December 31, 1960	133.5	-	133.5
1961	8.2	-	8.2
1962	3.7	-	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
1969	4.4	11.0	15.4
Total	196.6	50.7	247.3
BY PURPOSE			
Electric Power	51.7	3.4	55.1
Transportation	70.6	11.7	82.3
Telecommunications	1.0	.5	1.5
Agriculture	2.2	1.0	3.2
Industry (manufacturing)	1.4	33.2	34.6
Development Finance Companies	1.8	-	1.8
Water Supply	.2	.2	.4
Education	.3	.1	.4
Multi-Purpose Loans	54.2	.6	54.8
Other	13.2	-	13.2
Total	196.6	50.7	247.3

TABLEAU IV

DÉCAISSEMENTS DES EMPRUNTEURS DE LA BIRD ET DE L'IDA EN BIENS ET SERVICES AU CANADA AU 31 DÉCEMBRE 1969

(en millions de dollars É.-U.)

EXERCICE	BIRD	IDA	TOTAL
Cumulé au 31 décembre 1960	133.5	-	133.5
1961	8.2	-	8.2
1962	3.7	-	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
1969	4.4	11.0	15.4
Total	196.6	50.7	247.3

OBJET			
Energie électrique	51.7	3.4	55.1
Transports	70.6	11.7	82.3
Télécommunications	1.0	.5	1.5
Agriculture	2.2	1.0	3.2
Industrie (manufacturière)	1.4	33.2	34.6
Sociétés de financement du développement	1.8	-	1.8
Distribution d'eau	.2	.2	.4
Éducation	.3	.1	.4
Prêts polyvalents	54.2	.6	54.8
Autres	13.2	-	13.2
Total	196.6	50.7	247.3

TABLEAU III

RÉSUMÉ DES OPÉRATIONS DE LA SFI
(en millions de dollars É.-U.)

EXERCICE FINANCIER	Investissements d'exploitation	Engagements "Stand By" et de souscription	Engagements totaux	Nombre d'engagements	Décaissements
Cumulé 1956-1960	45.0		45.0	37	22.7
1960-1961	6.2		6.2	10	10.4
1961-1962	18.4	2.9	21.3	10	11.9
1962-1963	13.0	5.1	18.1	12	15.9
1963-1964	18.2	2.6	20.8	18	15.6
1964-1965	19.7	6.0	25.7	16	16.3
1965-1966	26.8	8.5	35.3	21	21.8
1966-1967	49.0	-	49.0	14	25.4
1967-1968	41.4	9.0	50.4	16	33.1
1968-1969	87.8	5.1	92.9	27	33.4
1969 au 31 déc. 1969	10.2	2.5	12.7	6	46.2
Engagements bruts, nets après rajustements de change	335.7	41.7	377.4	187	252.7
Annulations et résiliations	22.3	0.3	22.6		
Engagements nets	313.4	41.4	354.8		
OBJET					
Société de Financement du Développement					31.0
Industrie					
Industries manufacturières					
Sidérurgie			54.6		
Engrais			53.6		
Ciment et autres matériaux de construction			45.6		
Papier et produits de papier			43.0		
Textiles et fibres			25.1		
Alimentation et conservation des aliments			24.2		
Machines			17.4		
Produits chimiques et pétrochimiques			13.3		
Autres industries			4.9		
			281.7		
Industries non manufacturières					
Industrie minière			24.4		
Services publics, Impression et Édition			23.5		
Tourisme			16.8		
			64.7		346.4
Engagements bruts					377.4

TABLEAU II

PRÊTS DE LA BANQUE ET CRÉDITS DE L'IDA - de 1946-1947 à 1969-1970
(en millions de dollars É.-U.)

EXERCICE FINANCIER[1]	PRÊTS DE LA BANQUE			CRÉDITS DE L'IDA		
	Nombre	Montant	Décaissements	Nombre	Montant	Décaissements
Cumulé jusqu'en 1959-1960	265	5,180.6	3,921.2			
1960-1961	27	609.9	398.5	4	101.0	
1961-1962	29	882.3	485.4	18	134.1	12.2
1962-1963	28	448.7	620.4	17	260.0	56.2
1963-1964	37	809.9	558.9	18	283.2	124.1
1964-1965	38	1,023.3	605.7	20	309.1	222.2
1965-1966	37	839.2	668.4	12	284.1	266.9
1966-1967	46	876.8	790.4	20	353.5	342.1
1967-1968	44	846.9	772.0	18	106.6	318.8
1968-1969	84	1,399.2	762.0	38	385.0	255.8
1969 au 31 décembre	22	514.3[2]	360.3	13	121.7	62.0
	657	13,431.1	9,943.2	178	2,338.3	1,660.3
RÉGION[3]						
Afrique	117	1,873.0		73	433.6	
Europe	104	2,435.0		8	92.5	
Asie	196	4,297.1		77	1,633.8	
Australasie	11	515.4		-	-	
Hémisphère occidental	228	3,794.4		20	132.1	
Société Financière Internationale	1	200.0		-	-	
	657	13,114.9		178	2,292.0	
OBJET[3]						
Reconstruction		496.8			-	
Énergie électrique		4,264.1			142.8	
Transports		3,992.9			783.6	
Communications		193.4			120.8	
Agriculture		1,233.9			406.5	
Industrie		1,974.3			46.1	
Développement général et prêts aux programmes		552.3			580.0	
Distribution d'eau		108.8			37.6	
Projets d'éducation		97.5			162.1	
Préparation des projets		0.9			8.5	
Assistance technique		-			4.0	
Société Financière Internationale		200.0			-	
		13,114.9			2,292.0	

1/ Les exercices financiers sont ceux du Groupe de la Banque Mondiale (1er juillet au 30 juin).

2/ Un prêt de 100 millions de dollars, consenti par la Banque à la SFI en 1966, a été consolidé en décembre 1969 en un seul prêt de 200 millions de dollars.

3/ Les chiffres sont arrondis et exprimés en chiffres nets, après annulations, remboursements et résiliations.

TABLEAU I

PRÊTS DE LA BANQUE ET CRÉDITS DE L'IDA - 1969
(en millions de dollars É.-U.)

RÉGION	BANQUE		IDA		TOTAL		
	Montant	Nombre de prêts	Montant	Nombre de crédits	Montant	Nombre de de prêts et crédits	Nombre de pays
Afrique	277.0	27	95.8	20	372.8	47	23
Asie	444.5	20	340.8	15	785.3	35	14
Europe	156.5	9	12.0	1	168.5	10	6
Hémisphère occidental	347.2	17	14.6	3	361.8	20	12
	1,225.2	73	463.2	39	1,688.4	112	55
OBJET							
Agriculture	358.5	20	83.5	11	442.0	31	
Transports	288.0	17	144.1	11	432.1	28	
Industrie	221.0	10	125.0	1	346.0	11	
Énergie électrique	243.1	13	22.4	2	265.5	15	
Télécommunications	49.5	4	46.0	4	95.5	8	
Éducation	39.3	5	33.2	4	72.5	9	
Distribution d'eau	25.0	3	3.5	1	28.5	4	
Préparation de projets et Assistance technique	0.8	1	5.5	5	6.3	6	
	1,225.2	73	463.2	39	1,688.4	112	

à la Banque, ainsi que 16 des 51 emprunteurs de l'IDA, ont acheté sur le marché canadien de l'équipement et des services financés par les prêts de la Banque et de l'IDA. Des renseignements relatifs à ces dépenses, par année et par secteur industriel, sont fournis au Tableau IV.

Le personnel canadien

A la fin de 1969, le personnel du Groupe de la Banque Mondiale comptait 121 ressortissants canadiens, 37 exerçaient des professions libérales, y compris deux des hauts fonctionnaires de la Banque.

Contribution du Canada à titre de membre de consortiums et de groupes consultatifs organisés par la Banque

Le Canada a été membre des consortiums d'aide à l'Inde et au Pakistan depuis leur création en 1958 et 1960, respectivement. Au 30 septembre 1969, le Canada, à titre de membre du consortium d'aide à l'Inde, avait signé des accords comportant une aide de 390 millions de dollars (419 millions en dollars canadiens) sur le total de 7.2 milliards de dollars que le consortium a convenu de fournir dans l'ensemble. A titre de membre du consortium du Pakistan, le Canada a signé des accords d'un montant de 225 millions de dollars (242 millions en dollars canadiens) sur des engagements d'environ 3.5 milliards de dollars signés par le consortium.

De plus, le Canada a été membre de groupes consultatifs organisés par la Banque afin de coordonner l'aide au développement à Ceylan, à la Colombie, à l'Afrique orientale, à la Corée, à la Malaisie, au Maroc, au Nigeria, au Pérou, au Soudan, à la Thaïlande et à la Tunisie. Il a également participé sous les auspices de la Banque au financement conjoint de projets au Mexique et en Colombie en accordant des crédits d'exportation à long terme.

(85.6 millions en dollars canadiens). Les neuf dixièmes de toutes les souscription qui restent à verser constituent une garantie des obligations de la Banque.

Depuis la création de l'IDA en 1960, le Canada a contribué ou s'est engagé à contribuer à l'Association 154 millions de dollars (167 millions en dollars canadiens), y compris la récente contribution à la deuxième reconstitution, se chiffrant par 75 millions de dollars (81 millions en dollars canadiens).

La souscription du Canada à la SFI s'élève à 3.6 millions de dollars (3.89 millions en dollars canadiens) du capital versé de la SFI qui est 106.6 millions de dollars.

Les emprunts de la Banque Mondiale au Canada

Au cours des années, la Banque a mis en vente sur le marché canadien sept émissions d'obligations d'un montant global de 125 millions de dollars (135 millions en dollars canadiens), dont environ 73 millions (79 millions en dollars canadiens) sont encore en circulation. La Banque a également placé au Canada certaines des émissions d'obligations à deux ans exprimées en dollars qu'elle offre depuis un certain nombre d'années aux banques centrales et autres agences gouvernementales. Deux de ces émissions ont été offertes en 1969 (à des taux d'intérêt de 6.75 p. 100 et 8 p. 100, respectivement) et le Canada a acheté pour 12.5 millions de dollars de l'une et de l'autre.

Les bailleurs de fonds canadiens ont également acheté des obligations de la Banque Mondiale sur les marchés étrangers. On ne connaît pas le montant de ces achats, mais on croit que les investisseurs canadiens détenaient au 31 décembre 1969 approximativement 110 millions de dollars de ces obligations vendues aux États-Unis. De plus, plusieurs institutions canadiennes ont acheté des tranches de créance du portefeuille de la Banque ou encore ont participé aux prêts de la Banque au moment où ils étaient consentis. Leurs avoirs à ce compte étaient de 6.4 millions de dollars au 31 décembre 1969.

Biens et services canadiens pour des projets financés par la Banque et l'IDA

Au 31 décembre 1969, la somme des dépenses identifiables effectuées au Canada par les emprunteurs de la Banque et de l'IDA totalisait 247.3 millions de dollars (260.5 millions en dollars canadiens). Plus de la moitié des 88 pays qui avaient emprunté

567 millions de dollars; sur ce montant, cinq émissions, d'un montant d'environ 200 millions de dollars, ont été vendues en Allemagne et deux émissions, s'élevant à un total de 368 millions de dollars, ont été absorbées par les banques centrales et autres comptes gouvernementaux dans un grand nombre de pays et par des agences internationales. Des émissions à plus long terme, au nombre de quatre, se sont élevées à un total de 178 millions de dollars et ont toutes été placées en Allemagne. Après déduction des émissions qui sont arrivées à échéance en 1969, l'augmentation nette de la dette consolidée de la Banque à la suite des nouveaux emprunts a été d'environ 500 millions de dollars, comparativement à 600 millions de dollars en 1968.

Reconstitution des ressources de l'IDA

Un accord conclu entre 18 États-membres développés quant à la deuxième reconstitution des ressources de l'IDA est entré en vigueur le 23 juillet 1969, soit un retard d'environ un an sur la date prévue à l'origine. L'accord fournira à l'IDA environ 1,200 millions de dollars de fonds supplémentaires dont la part du Canada est de 75 millions de dollars (81 millions en dollars canadiens). On prévoit que tous ces fonds devront être engagés d'ici au 30 juin 1971. En conséquence, à l'initiative de monsieur McNamara, des discussions ont commencé parmi les États-membres développés relativement aux arrangements relatifs à une troisième reconstitution.

LE CANADA ET LE GROUPE DE LA BANQUE MONDIALE

Conseil des Gouverneurs

En août 1969, monsieur Maurice F. Strong, président de l'Agence canadienne de développement international, a succédé à monsieur Alan B. Hockin, sous-ministre adjoint des Finances, comme Gouverneur suppléant pour le Canada. L'hon. Edgar J. Benson, ministre des Finances, reste Gouverneur pour le Canada.

Fonds souscrits ou contribués

La souscription du Canada au capital de la Banque se chiffre par 792 millions de dollars (856 millions en dollars canadiens), soit 3.43 p. 100 du total. A l'instar des autres États-membres, le Canada n'a versé que 10 p. 100 de sa souscription, si bien que la contribution canadienne réelle en fonds destinés au capital de prêts de la Banque est de 79.2 millions de dollars

rapports à ce sujet aux Gouverneurs. Le rapport de la Banque a annoncé l'adoption d'un certain nombre de décisions importantes prévoyant une activité accrue de la part du Groupe de la Banque Mondiale en vue d'aider les pays à diversifier leur production, à renforcer le caractère compétitif des produits primaires dans le commerce mondial et à participer plus efficacement aux accords internationaux relatifs aux produits visant à la stabilisation des prix mondiaux.

Prêts, crédits et investissements

Les prêts, crédits et investissements totaux du Groupe de la Banque Mondiale en 1969, et au cours des trois années précédentes, sont les suivants:

	(En millions de dollars É.-U.)			
	1966	1967	1968	1969
Banque Mondiale	801 (a)	592	1,094	1,225 (c)
IDA	478	68	256 (b)	463
SFI	54	38	48	88
	1,333	698	1,398	1,776

Le Tableau I annexé au présent rapport énumère les prêts et les crédits de la Banque Mondiale et de l'IDA en 1969 suivant la région géographique et l'objet, alors que le Tableau II est un résumé documentaire des prêts et des crédits par année, région géographique et objet. Les investissements et les engagements de la SFI par année et par objet depuis le commencement des opérations sont énumérés au Tableau III.

Emprunts de la Banque Mondiale

Malgré les restrictions encore plus sévères qui ont caractérisé les marchés financiers durant 1969, la Banque a vendu près de 745 millions de dollars sous forme de onze émissions d'obligations et de bons (le chiffre correspondant en 1968 était de 1,237 millions de dollars). Il y a eu sept émissions à court terme, c'est-à-dire cinq ans ou moins, s'élevant à un total de

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(a) A l'exclusion d'un prêt de 100 millions à la SFI
(b) Y compris un crédit de 125 millions de dollars présenté au Conseil d'administration de l'IDA en 1968, mais qui n'a été approuvé officiellement qu'en février 1969.
(c) A l'exclusion d'un prêt de 100 millions de dollars à la SFI

La SFI a consenti des engagements supplémentaires durant 1969 d'une valeur de 88.2 millions de dollars, ce qui porte le total des engagements bruts depuis le début des opérations à 377.4 millions dans 40 pays. (Les engagements nets, après déduction des annulations et des résiliations, ont été de 354.8 millions.) Sur les engagements bruts, environ 158 millions ont été en Amérique latine (38 p. 100), 125 millions en Asie et au Moyen-Orient (33 p. 100), 69 millions en Afrique (21 p. 100) et 25 millions en Europe et en Australasie (8 p. 100).

LE GROUPE DE LA BANQUE MONDIALE DE 1969 - REVUE GÉNÉRALE

La Commission d'étude du développement international

En août 1968, monsieur Robert S. McNamara, président du Groupe de la Banque Mondiale, a annoncé l'établissement de la Commission d'étude du développement international (Commission Pearson) que doit diriger le très honorable Lester B. Pearson. La Commission a été chargée de la tâche d'examiner les problèmes et les progrès réalisés dans le domaine de l'aide et du développement international au cours des 20 dernières années et de présenter des recommandations quant aux politiques et aux méthodes propres à favoriser la croissance économique du monde en voie de développement dans les années à venir.

Le rapport de la Commission, intitulé "Partners in Development", a été publié en octobre 1969. Il résume une vaste stratégie et présente une série de recommandations en vue de réaliser une assistance économique plus efficace et mieux coordonnée au monde en voie de développement. Un certain nombre des recommandations de la Commission se rattachent directement au travail du Groupe de la Banque Mondiale. Les Administrateurs doivent revoir ces recommandations et leurs conclusions seront signalées au Conseil des Gouverneurs.

Le problème des produits

En 1967, les Conseils des gouverneurs de la BIRD et du FMI ont prié les personnels et les administrateurs des deux organisations d'étudier le problème de la stabilisation des prix des produits primaires à un niveau rémunérateur, y compris les moyens par lesquels le Fonds et la Banque pourraient contribuer à fournir des solutions. A la suite d'une étude et d'une discussion approfondies, les Administrateurs ont transmis en 1969 leurs

Les ressources permettant à l'IDA d'effectuer des prêts proviennent pour une large part des allocations budgétaires des gouvernements-membres, ceux principalement des États-membres développés ou de la Première Partie. Les ressources de l'IDA totales utilisables, rendues disponibles ou engagées pour l'IDA depuis le début de ses opérations jusqu'à la fin de 1969, ont été d'environ 3.2 milliards de dollars, dont 2.7 milliards avaient été fournis par les pays de la Première Partie. Le solde provient de virements effectués à l'IDA, par la Banque Mondiale (385 millions) d'une partie de ses bénéfices nets, de souscriptions par les Etats-membres en voie de développement (44 millions), du revenu net de l'IDA (34 millions) et d'un prêt de la Suisse (12 millions).

c) Prêts et crédits

Au 31 décembre 1969, la Banque avait prêté un total de 13.4 milliards de dollars à 88 de ses 112 États-membres. La Banque consent des prêts à long terme (de 15 à 30 ans) à des taux conventionnels d'intérêts. Le taux a passé en juillet 1969 de 6.5 p. 100 à 7 p. 100.

Au 31 décembre 1969, l'IDA avait accordé des crédits totaux de 2.3 milliards de dollars à 51 de ses États-membres. Les prêts de l'IDA sont exempts d'intérêt (bien qu'il y ait une taxe de service de 0.75 p. 100), prévus pour une échéance de 50 ans avec délai de carence de 10 ans. De façon générale, ses prêts vont aux pays où le revenu par habitant est exceptionnellement bas et qui ne peuvent faire face à tous leurs besoins de capitaux étrangers aux conditions traditionnelles.

SOCIÉTÉ FINANCIÈRE INTERNATIONALE (SFI)

La Société Financière Internationale complète l'activité de la Banque et de l'IDA en faisant et en encourageant des investissements à des conditions commerciales dans des entreprises privées productives dans les États-membres en voie de développement. Avec l'admission de deux pays durant 1969, elle compte maintenant 92 membres. Ses ressources proviennent principalement du capital souscrit par les gouvernements-membres, qui s'est élevé à 106.6 millions de dollars en 1969, et d'emprunts auprès de la Banque Mondiale s'élevant à 200 millions de dollars.

Sur le plan de la coordination, la Banque a donné le ton en établissant des "consortiums" et des "groupes consultatifs" dans le cas de 14 pays destinataires et en participant à quatre groupes d'aide et consortiums supplémentaires. Vingt-deux pays donneurs ont participé à une ou plusieurs de ces activités de coordination.

La Banque maintient également des relations de travail étroites avec d'autres organisations internationales intéressées à l'aide au développement, particulièrement les Nations Unies et le Programme des Nations Unies pour le développement (UNDP), les agences spécialisées des Nations Unies, les banques régionales de développement et l'Organisation de Coopération et de Développement Economiques (OCDE). Par exemple, la Banque et les Nations Unies échangent des renseignements et coordonnent l'assistance technique et les autres activités de développement au moyen d'un Comité de liaison à l'échelon supérieur; de son côté, le Groupe de la Banque a rempli les fonctions d'agence d'exécution pour un certain nombre d'études préalables aux investissements financées par l'UNDP.

b) Ressources

La Banque dispose de trois sources principales de fonds:

i) Le capital versé: Sur le capital autorisé de 24 milliards de dollars à la fin de 1969, environ 23 milliards avaient été souscrits et 2.3 milliards de ce montant, soit 10 p. 100, avaient été versés. Sur la partie versée, environ 1.9 milliard pouvait être utilisé librement dans les opérations de la Banque. Une augmentation du capital souscrit de 2.2 milliards, correspondant à l'augmentation proposée des contingents du Fonds, a été recommandée par les Administrateurs du Conseil des Gouverneurs. La partie versée de ce montant serait de 222 millions dont la quote-part du Canada serait d'environ 15 millions.

ii) Emprunts: Au 31 décembre 1969, la Banque avait emprunté un total de 8.1 milliards de dollars depuis le commencement des opérations, dont 4.3 milliards restaient à rembourser.

iii) Revenu net des opérations: Au 31 décembre 1969, les bénéfices non distribués disponibles pour les opérations s'élevaient à environ 1 milliard de dollars. Le revenu net en 1969 a été de 189 millions de dollars, comparativement à 169 millions en 1968.

LE GROUPE DE LA BANQUE MONDIALE

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT (BANQUE MONDIALE) ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT (IDA)

a) Objet et fonctions

La fonction essentielle de la Banque Mondiale et de l'IDA consiste à accorder des prêts et des crédits aux États-membres, principalement les pays en voie de développement, pour la réalisation de projets qui, selon les études de la Banque, contribueront de façon notable au développement économique du pays emprunteur. Les deux organismes diffèrent essentiellement relativement aux sources de leurs fonds et aux conditions de leurs prêts. La Banque Mondiale obtient la majeure partie de ses fonds en empruntant sur les marchés financiers privés et, en conséquence, elle doit prêter à des conditions semblables. L'IDA compte sur des avances exemptes d'intérêt consenties par les gouvernements pour la plus grosse partie de ses ressources et, ainsi, elle peut consentir des prêts à des conditions beaucoup plus avantageuses. A tous autres égards, la Banque et l'IDA ont des politiques semblables. Les deux organisations sont desservies par le même personnel.

Pour établir le cadre général dans lequel s'exerce son activité de financement, la Banque cherche à obtenir une image complète de la position et des perspectives des économies et des besoins de développement des pays emprunteurs; ce qui lui permet d'identifier des secteurs économiques et des projets auxquels il faut donner une priorité immédiate, et de juger des questions rattachées à l'essor économique, aux politiques économiques d'un pays emprunteur et à son admissibilité au financement de la Banque ou de l'IDA.

En accordant une attention continuelle à la situation économique des États-membres en voie de développement, la Banque espère les aider à faire une utilisation plus efficace de toutes les ressources locales et étrangères à leur disposition. Elle y parvient en fournissant une aide dans divers domaines: la formulation des politiques de développement, la création d'organismes de développement, l'établissement de programmes d'investissement destinés à des régions et secteurs déterminés, l'identification et la préparation de projets de financement; elle encourage également la coordination de l'aide au développement émanant des agences bilatérales et multilatérales.

TABLEAU II

ACCORDS DE CRÉDIT "STAND BY"

(Au cours de décembre 1969 en millions de dollars des États-Unis)
Montants disponibles en vertu des accords actuellement en vigueur

	Date de l'accord	Date d'expiration	Montant	Montant tiré	Montant disponible
Afghanistan	23 octobre 1969	22 octobre 1970	12.00	6.00	6.00
Birmanie	24 novembre 1969	23 novembre 1970	12.00	-	12.00
Bolivie	16 janvier 1969	15 janvier 1970	20.00	11.00	9.00
Brésil	29 avril 1969	28 avril 1970	50.00	-	50.00
Burundi	19 avril 1969	18 avril 1970	4.00	3.50	0.50
Ceylan	12 août 1969	11 août 1970	19.50	10.00	9.50
Chili	19 avril 1969	18 avril 1970	40.00	20.00	20.00
Colombie	19 avril 1969	18 avril 1970	33.20	27.00	6.20
Équateur	7 avril 1969	6 avril 1970	18.00	18.00	-
France	19 septembre 1969	18 septembre 1970	985.00	500.00	485.00
Ghana	29 mai 1969	28 mai 1970	5.00	3.00	2.00
Guatemala	1er août 1969	31 juillet 1970	12.00	6.00	6.00
Guyane	29 mars 1969	28 mars 1970	4.00	-	4.00
Honduras	1er février 1969	31 janvier 1970	11.00	-	11.00
Indonésie	4 avril 1969	3 avril 1970	70.00	59.00	11.00
Libéria	1er juin 1969	31 mai 1970	2.00	-	2.00
Mali	23 octobre 1969	22 octobre 1970	3.00	1.50	1.50
Maroc	15 décembre 1969	14 décembre 1970	25.00	-	25.00
Nicaragua	26 mai 1969	25 mai 1970	15.00	14.00	1.00
Panama	16 janvier 1969	15 janvier 1970	3.20	2.20	1.00
Royaume-Uni	20 juin 1969	19 juin 1970	1,000.00	850.00	150.00
Rwanda	28 avril 1969	27 avril 1970	2.00	2.00	-
Salvador	15 juillet 1969	14 juillet 1970	17.00	6.00	11.00
Sierra Leone	28 mars 1969	27 mars 1970	2.50	-	2.50
Somalie	20 janvier 1969	19 janvier 1970	6.00	-	6.00
Turquie	1er juillet 1969	30 juin 1970	27.00	10.00	17.00

TABLEAU I

ACHATS ET RACHATS DE MONNAIES AU FONDS

Du 1er janvier au 31 décembre 1969

Pays	Achats		Rachats	
	Montant total	(dont dollars canadiens)	Montant total	(dont dollars canadiens)
	(Millions de dollars É.-U.)			
Afghanistan	13.00		8.20	
Afrique du sud	66.20	(10.00)	50.00	
Allemagne	880.00	(60.0)	-	
Belgique	116.50	(25.00)	32.90	(17.00)
Bolivie	11.00		8.00	
Burundi	3.50		0.20	
Ceylan	13.00		14.60	
Chili	29.00	(15.00)	51.00	
Chypre	-		0.40	
Colombie	33.20	(4.00)	39.60	
Costa Rica	-		11.80	
Danemark	45.00		-	
Équateur	18.00		5.20	
Espagne	-		0.10	
Finlande	-		27.20	
France	500.80	(36.5)	-	
Ghana	5.00		12.80	(2.50)
Guatemala	6.00		8.20	
Guinée	3.8		0.50	
Haïti	1.5		2.20	
Honduras	-		2.50	
Île Maurice	4.00		-	
Inde	-		148.00	(10.00)
Indonésie	65.8		17.60	
Islande	7.5		-	
Israël	45.00		-	
Libéria	1.40		4.40	
Mali	2.50		4.00	
Maroc	10.00		4.80	
Nicaragua	14.00	(14.00)	15.00	
Nigeria	-		3.10	
Nouvelle-Zélande	-		20.60	
Pakistan	35.00		14.90	
Panama	6.40		1.80	
Pérou	30.00	(16.00)	5.40	
République arabe unie	-		24.00	(0.90)
République dominicaine	14.00	(6.00)	8.00	
Royaume-Uni	850.00	(97.50)	918.50	(10.00)
Rwanda	2.00		3.00	
Salvador	12.20		15.00	
Sierra Leone	-		1.50	
Somalie	-		0.90	
Soudan	2.50		3.10	
Syrie	9.50	(4.50)	9.40	
Trinité et Tobago	-		1.00	
Tunisie	2.00		6.20	
Turquie	10.00	(5.00)	21.50	(2.00)
Uruguay	1.80		13.10	
Yougoslavie	-		37.80	

The Problem of Stabilization of Prices of Primary Products: Première partie, A Joint Staff Study, publié conjointement avec la Banque Internationale pour la Reconstruction et le Développement; deuxième partie, Report of the Executive Directors, Scope for Action by the Fund (éditions anglaise, française et espagnole)

A Report to the Board of Governors of the International Monetary Fund Containing the Managing Director's Proposal on the Allocation of Special Drawing Rights for the First Basic Period (éditions anglaise, française et espagnole)

Schedule of Par Values, 47e édition, 30 juin 1969

Staff Papers, Volume XVI, N°s 1, 2 et 3.

Compte rendu sommaire de la réunion annuelle, 1969

Surveys of African Economies: Volume 1; Cameroun, République centrafricaine, Tchad, Congo (Brazzaville) et Gabon (édition française)

Volume 2; Kenya, Tanzanie, Ouganda, et Somalie (édition anglaise)

Vingtième rapport annuel sur les restrictions de change, 1969

Pour plus amples renseignements concernant ces publications, s'adresser à:

The Secretary, International Monetary Fund,
19th & H Streets N.W.,
Washington, D.C., 20431
U.S.A.

PUBLICATIONS DU FONDS MONÉTAIRE INTERNATIONAL EN 1969

Rapport annuel des administrateurs pour l'exercice clos le 30 avril 1969 (éditions anglaise, française et espagnole, version abrégée en allemand)

Statuts du Fonds monétaire international (modifiés le 28 juillet 1969--éditions anglaise, française et espagnole)

Balance of Payments Yearbook, volume 20, 1963-1967 (publié en fascicules mensuels à feuilles mobiles et en un volume relié). Volume 21, 1964-1968 (publié partiellement en fascicules mensuels à feuilles mobiles, devant être complété en 1970)

By-Laws, Rules and Regulations, 27e édition, 14 février 1969 (édition anglaise); 28e édition, 20 octobre 1969 (éditions anglaise, française et espagnole).

Direction of Trade (publication conjointe du Fonds Monétaire International et de la Banque Internationale pour la Reconstruction et le Développement-publication mensuelle avec un sommaire annuel)

Finances et développement (publication trimestrielle du Fonds Monétaire International et de la Banque Internationale pour la Reconstruction et le Développement, éditions anglaise, française et espagnole; une édition portugaise est publiée chaque année au Brésil)

International Financial News Survey (publication hebdomadaire)

International Financial Statistics (publié mensuellement, édition anglaise et éditions anglaise, française et espagnole)

Brochures: N° 10 - Concepts et définitions de la balance des paiements (2e édition, anglaise, française et espagnole)

N° 11 - Interpretation by the Fund (éditions française et espagnole)

N° 12 - The Reform of the Fund (édition anglaise)

N° 13 - Special Drawing Rights (éditions anglaise et espagnole)

3. Relations du FMI avec le Canada

En août 1969, monsieur Louis Rasminsky a été nommé Gouverneur pour le Canada au Fonds Monétaire international en remplacement de l'honorable E.J. Benson, ministre des Finances, et monsieur Alan B. Hockin, sous-ministre adjoint des Finances, a remplacé monsieur Rasminsky en qualité de Gouverneur suppléant du Canada.

Pendant 1969, des consultations au titre de l'Article VIII des Statuts entre le personnel du FMI et les autorités canadiennes n'ont pas eu lieu. Pendant la première partie de 1969, cependant, un petit groupe de fonctionnaires du FMI ont fait un bref séjour à Ottawa dans le but de poursuivre des discussions d'ordre général sans caractère officiel avec les autorités canadiennes.

Des renseignements relatifs à l'utilisation de la monnaie canadienne dans les transactions du Fonds sont fournis au Tableau 1 ci-joint. Sur le montant total de monnaie canadienne utilisé par le FMI pendant 1969, un total de 65.5 millions de dollars a représenté le produit des prêts consentis par le gouvernement du Canada au FMI en vertu des Accords Généraux d'Emprunt. De plus, en décembre 1969, le Canada a acquis d'un autre État-membre du Fonds 30 millions de dollars en billets antérieurement émis au profit de ce pays en vertu des Accords d'emprunt.

Le 8 octobre 1969, le Canada a reçu du FMI un paiement de dividende du montant de 187,841.36 dollars au titre de la position créditrice du Canada pendant l'année précédente.

Un certain nombre de changements ont été apportés en 1969 aux parités des taux de change des pays. Le plus important d'entre eux a eu lieu le 10 août lorsque les autorités françaises ont annoncé une dévaluation de la valeur au pair du franc français et le 26 octobre lorsque les autorités allemandes ont annoncé une réévaluation du mark allemand. A la suite de ces changements, la valeur du franc français, exprimée en monnaie des États-Unis, est tombée de 0.202 dollar à 0.18 dollar et la valeur du mark allemand a augmenté de 0.25 dollar à 0.273 dollar.

À la fin de 1969, le FMI a rendu public un échange de lettres entre les autorités des États-Unis et celles de l'Afrique du sud qui exposait les conditions d'un accord concernant la façon de disposer de la nouvelle production d'or de l'Afrique du sud, supprimant par là un élément d'incertitude qui avait eu pour effet de faire perdre leur stabilité aux marchés de l'or pendant la majeure partie de 1968 et de 1969. Cet accord prévoyait que l'Afrique du sud vendrait l'or récemment extrait sur le marché libre en quantités suffisantes pour lui permettre d'équilibrer ses paiements internationaux, à moins que le prix du marché libre ne tombe au-dessous du niveau officiel de 35 dollars l'once. L'Afrique du sud pourrait alors vendre son or récemment extrait au FMI. De plus, dans la mesure où le produit de la vente de l'or récemment extrait ne suffirait pas aux besoins globaux de la balance des paiements de l'Afrique du sud, le reste pourrait être financé au moyen de la vente au FMI de l'or provenant des réserves officielles de l'Afrique du sud. L'accord a été négocié par les États-Unis et l'Afrique du sud et adopté en tant que décision du FMI.

Également, pendant 1969, les institutions de Bretton Woods ont envisagé de nouveaux moyens grâce auxquels elles pourraient contribuer à trouver une solution aux problèmes qu'affrontent les pays de production primaire en raison des fluctuations des prix et des gains d'exportation. En conséquence, les Administrateurs du Fonds pendant l'année ont adopté une décision établissant de nouvelles facilités pour aider au financement des contributions aux Stocks compensateurs quand les États-membres qui ont des difficultés de balance des paiements participent à ces arrangements en vertu d'accords concernant les matières premières qui répondent à des critères appropriés. En vertu de cette décision, les pays peuvent emprunter au Fonds jusqu'à 50 p. 100 de leurs quotes-parts dans le but de financer les Stocks compensateurs, pourvu que les emprunts combinés de n'importe quel État-membre en vertu de cette facilité et en vertu de la facilité compensatoire de financement ne dépassent pas 75 p. 100 du contingent de l'État-membre en question.

stand by en cours. Des renseignements relatifs aux transactions particulières sont fournis dans les tableaux ci-joints.

2. Aspects caractéristiques de 1969

Pendant 1969, des modifications apportées aux statuts ont été officiellement approuvées, mettant en place au FMI le dispositif nécessaire à la création de Droits de Tirage Spéciaux. Ces modifications prévoient, entre autres, la création d'un Compte Général au FMI pour effectuer désormais les opérations traditionnelles du Fonds et d'un Compte Spécial concernant l'établissement et le virement entre les États-membres du nouvel actif de réserve fiduciaire. Ultérieurement, à la réunion annuelle de 1969 tenue à Washington, D.C., en septembre, le Conseil des Gouverneurs a approuvé une proposition émanant du Directeur général, approuvée par le Conseil d'Administration, à l'effet que ce dispositif soit mis en marche et qu'un total de 9.5 milliards de dollars de Droits de Tirage Spéciaux soit créé pendant une période initiale de trois ans, allant du 1er janvier 1970 au 31 décembre 1972. Sur ce montant, 3.5 milliards de dollars en Droits de Tirage Spéciaux seraient alloués à 104 États-membres participants (sur un total de 115 membres), le 1er janvier 1970, et une autre tranche de 3 milliards de dollars, le 1er janvier de chacune des deux années suivantes. En vertu de cette proposition, le Canada se verrait octroyer en Droits de Tirage Spéciaux récemment créés un montant équivalant à 124.3 millions de dollars le 1er janvier 1970 et des montants correspondants le premier jour de chacune des deux années suivantes.

Les articles des Statuts prévoient que les quotes-parts seront révisées tous les cinq ans. Pendant 1969, la plus récente révision quinquennale des quotes-parts a été complétée, ce qui a eu pour résultat la présentation le 30 décembre 1969 au Conseil des Gouverneurs par le Conseil d'Administration de propositions visant à augmenter le total des quotes-parts des États-membres à partir du niveau, existant à ce moment, de 21.3 milliards de dollars à environ 28.9 milliards de dollars. Les augmentations des quotes-parts individuelles prévues n'entreraient pas en vigueur avant le 30 octobre 1970. En vertu de ces propositions, la quote-part du Canada augmentera pour passer du niveau actuel de 740 millions de dollars à 1,100 millions de dollars et restera au sixième rang en importance des quotes-parts de l'organisation. Cette augmentation de la quote-part canadienne exigera le versement au Fonds par le Canada de 90 millions de dollars-or et de 270 millions en monnaie canadienne sous la forme de billets non négociables ne portant pas intérêt.

LE FONDS MONÉTAIRE INTERNATIONAL

1. Documentation d'ordre général:

Les activités du Fonds monétaire international tendent à faciliter l'expansion et la croissance harmonieuse du commerce mondial comme moyen de relever les niveaux de vie et de favoriser le développement économique. Ses membres s'inscrivent à un système de taux de change convenus et à l'élimination finale des restrictions en matière de change. Le Fonds a un actif de 23 milliards de dollars, disponibles pour des prêts à court et à moyen termes aux États-membres qui ont des difficultés provisoires en matière de balance des paiements. Finalement, il constitue un centre de coopération internationale et une source d'orientation et d'assistance technique pour les pays participants.

Les États-membres du Fonds qui prévoient un besoin d'aide financière en provenance de l'organisme ont le choix entre une ou deux solutions. En premier lieu, ils peuvent prendre des dispositions en vue de l'achat au Fonds de monnaies d'autres pays en échange de leurs propres monnaies, transaction qui, dans sa totalité, entre en vigueur immédiatement. Par ailleurs, ils peuvent convenir avec le Fonds d'un "accord de crédit stand by", qui garantit l'accès de l'État-membre intéressé, en cas de besoin et pendant une période déterminée, aux ressources du Fonds jusqu'à une limite stipulée. Dans les deux cas, les monnaies obtenues par le Fonds en provenance des États-membres effectuant des tirages en monnaie d'autres pays doivent être rachetées par ces pays, en utilisant des monnaies-or convertibles, dans un délai ne dépassant pas cinq ans à partir de la date du tirage.

Le 31 décembre 1969, les ressources totales du Fonds avaient dépassé 23 milliards de dollars, ce qui se trouvait compensé en partie par des prêts consentis par des États-membres se chiffrant par 971 millions de dollars qui représentaient, sauf pour 250 millions de dollars, des prêts dus aux participants aux Accords Généraux d'Emprunt. Plus de 5 milliards de dollars restaient à la disposition du FMI en vertu des Accords Généraux d'Emprunt. Les avoirs du Fonds en monnaies des États-membres à cette date s'élevaient à près de 19 milliards de dollars et l'encaisse-or, à près de 3.5 milliards de dollars. Les avoirs en monnaies comprenaient l'équivalent en monnaie canadienne de 357 millions de dollars, représentant 48 p. 100 du contingent canadien actuel qui est de 740 millions de dollars.

Pendant l'année 1969, un total de 41 États-membres ont obtenu l'appui du Fonds. Les tirages effectués par les États-membres pendant l'année en question ont totalisé 2,844 millions de dollars et à la fin de l'année, 849 millions de dollars restaient disponibles mais non encore tirés en vertu des accords

AVANT-PROPOS

Le présent rapport contient une récapitulation des opérations effectuées pendant l'année 1969 par les Institutions de Bretton Woods: le Fonds Monétaire International (FMI) et le Groupe de la Banque Mondiale qui comprend la Banque Internationale pour la Reconstruction et le Développement (BIRD), l'Association Internationale de Développement (IDA) et la Société Financière Internationale (SFI).

Le FMI (le Fonds) et la BIRD (la Banque) ont été créés en 1944 lors de la Conférence de Bretton Woods et la participation du Canada à ces institutions a été autorisée en vertu de la Loi de 1945 sur les Accords de Bretton Woods. La SFI a été fondée en 1956 à titre de filiale de la BIRD en vertu d'un statut distinct auquel le Canada a souscrit et la participation du Canada à l'Association Internationale de Développement a été autorisée en vertu de la Loi sur l'Association Internationale de Développement de 1960.

Ces institutions sont étroitement liées ensemble. L'affiliation au Fonds est une condition préalable de l'affiliation à la Banque et l'affiliation à la Banque une condition préalable de l'affiliation à l'IDA et à la SFI. Le FMI est chargé de favoriser la stabilité et la coopération financières internationales et se préoccupe ainsi des questions de change et du fonctionnement du système de la balance des paiements. La BIRD, d'autre part, concentre son attention sur le développement économique, particulièrement le financement du développement; l'IDA et la SFI fournissent des services spécialisés de financement que n'offre pas la BIRD. La coopération entre ces organisations est facilitée par le fait que leurs sièges sont situés dans le même complexe de bureaux à Washington, D.C.

En tant qu'organismes spécialisés des Nations Unies, le Fonds et la Banque font rapport chaque année au Conseil économique et social (ECOSOC) et le Président de la Banque et le Directeur général du Fonds sont membres du Conseil consultatif inter-agence de l'ONU et du Comité administratif de coordination de l'ONU.

Le Fonds, tout comme le Groupe de la Banque Mondiale, utilise le dollar É.-U. comme unité de compte de base et les chiffres mentionnés en dollars tout au long du rapport sont donc exprimés en monnaie des États-Unis, sauf indication contraire.

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REPORT ON OPERATIONS

under

THE BRETTON WOODS AGREEMENTS ACT

and

INTERNATIONAL DEVELOPMENT ASSOCIATION ACT

Calender Year 1970

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INTRODUCTORY NOTE

This report reviews the operations during the year 1970 of the Bretton Woods' Institutions: the International Monetary Fund (IMF) and the World Bank Group, which consists of the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC).

The IMF (the "Fund") and the IBRD (the "Bank") were established at the Bretton Woods' Conference in 1944 and Canadian participation in these Institutions was authorized under the Bretton Woods' Agreements Act of 1945. The IFC was founded in 1956 as an affiliate of the IBRD by means of separate articles of agreement to which Canada is a party, and Canadian participation in the International Development Association was authorized under the International Development Association Act, 1960.

These institutions are closely linked. Membership in the Fund is a pre-requisite for membership in the Bank and membership in the Bank a pre-requisite for membership in the IDA and the IFC. The IMF concerns itself with promoting international financial stability and cooperation and, thus, with exchange matters and the operation of the balance of payments system. The IBRD, on the other hand, focuses its attention on economic development, particularly development financing; the IDA and the IFC provide specialized financing services not offered by the IBRD. Cooperation between these organizations is facilitated by the fact that their headquarters are located in the same office complex in Washington, D.C.

As specialized agencies of the United Nations, the Fund and Bank report annually to the Economic and Social Council (ECOSOC), and the President of the Bank and the Managing Director of the Fund are members of the Inter-Agency Consultative Board of the UNDP and of the U.N. Administrative Committee on Coordination.

Both the Fund and the World Bank Group use the U.S. dollar as their basic unit of account. Dollar figures throughout the report are, therefore, expressed in terms of U.S. currency unless otherwise indicated.

INTERNATIONAL MONETARY FUND

1. General Background

The activities of the International Monetary Fund are directed towards facilitating the expansion and balanced growth of world trade as a means of raising standards of living and of fostering economic development. Its membership subscribes to a system of agreed exchange rates and to the eventual elimination of exchange restrictions. Its assets are available for short-to-medium term lending to member countries with temporary balance of payments difficulties. Finally, it constitutes a centre for international cooperation and a source of counsel and technical assistance to its members.

Fund members anticipating a requirement for financial assistance from the Fund have either one of two alternatives open to them. First of all, they can arrange for the purchase of other members' currencies from the Fund in exchange for their own currencies, with the transaction in its entirety becoming effective immediately. Alternately they may arrange for a "standby arrangement" with the Fund, which, in consideration of appropriate policies by the member country, guarantees it access, in case of need and for a specific period, to Fund resources up to a specified limit. In either case, currencies obtained by the Fund from member countries drawing other members' currencies must be repurchased by those member countries, using gold or convertible currencies, within a period not exceeding five years from the date of the drawing. In addition, since January 1, 1970, IMF members participating in the Special Drawing Account can use Special Drawing Rights (SDRs) in transactions with the IMF or with other participants as a means of making payments or of obtaining foreign currencies.

Total assets of the Fund on December 31, 1970 had almost reached the $30 billion level. At the same time the Fund's indebtedness to member countries was $735 million, most of it representing loans to the IMF under the General Arrangements to Borrow and in case of need more than $5 billion remained available under this facility. Fund gold holdings amounted to $4.5 billion and member currency holdings to more than $24.5 billion, including in excess of $550 million in Canadian dollars, equivalent to 51 per cent of the Canadian quota of $1,100 million.

During the year 1970 a total of 42 members obtained support from the Fund. Total drawings by member countries during the year amounted to $1,839 million and, at year end, $172 million remained available but not yet drawn under existing standby arrangements.

2. 1970 Highlights

On January 1, 1970 the first allocation of SDRs to the 104 countries participating in the Special Drawing Account took place. The 3,414 million units of this new fiduciary reserve asset involved in this allocation represented the first instalment of a total of 9,500 million SDRs to be created during the first three-year basic period ending December 31, 1972. Considerable use was made of this new asset during 1970. Total transactions involving SDRs amounted to 672 million units, with the General Account of the IMF acquiring about SDR 290 million and participating countries the balance. Among the latter Canada accounted for almost SDR 58 million, raising our total SDR holdings to a level 46 per cent in excess of the SDR 124 million allocated to Canada on January 1, 1970. This was one of the highest percentage increases in SDR holdings during 1970 by any participating country.

The amendments to the IMF Articles of Agreement which became effective in mid-1969 provided for a statutory remuneration on creditor positions at a rate of 1 1/2 per cent per annum, and the resultant payments during 1970 by the IMF on account of creditor positions for the fiscal year 1970 amounted to $27 million, with Canada receiving about $2 million. In addition the IMF Board of Governors at their Annual Meeting in Copenhagen in September, 1970, agreed to a distribution of net income which would raise the total rate of return on creditor positions during the fiscal year ended April 30, 1970, to a uniform 2 per cent. This resulted in Canada receiving an additional $1 million, out of a total distribution of $17.5 million.

Also during 1970, the IMF Executive Board made public a report to the Board of Governors entitled, "The Role of the Exchange Rates in the Adjustment of International Payments". This report expressed the view that the Bretton Woods system had generally served the international community

well and that radical changes in the par value system were undesirable. It did delineate, however, that further study might be warranted, and undertook to continue its studies with respect to three specific proposals: marginally wider bands, prompter adjustment of par values and transitional floating rates.

On October 31, 1970, the general and special increases in members' quotas, negotiated following the Fifth Quinquennial Review of Quotas, began to take effect. As a result the level of agregate member quotas by the end of 1970 had risen by about $7 billion to the $28 billion level.

3. IMF Relations with Canada

On May 31, 1970 the Government of Canada notified the IMF of its intention to cease purchasing sufficient U.S. dollars to keep the exchange rate of the Canadian dollar from exceeding the one per cent margin on either side of par provided for in Article IV, Section 3, of the Articles of Agreement. Furthermore, the Government indicated its intention to remain in close consultation with the IMF on this matter and to resume the fulfilment of its obligations under the Articles of Agreement as soon as circumstances would permit it to do so.

Subsequently, IMF officials, as part of these consultations, paid brief visits to Ottawa in June and October, 1970. During these visits views were exchanged with the Canadian authorities with regard to Canada's exchange rate policy and related economic developments and policies. In addition, in April, 1970, the regular Article VIII consultations between IMF officials and the Canadian authorities took place in Ottawa.

Following the May 31 announcement the question arose as to the valuation of the Canadian dollar in Fund transactions and computations. Holdings are normally valued, and transactions calculated, at the par value of the currency concerned, but when a currency does not have an effective par value, use of an antiquated value would obviously be inappropriate and might cause substantial discrepancies between the market and book values of the Fund's holdings. In addition, in transactions with the Fund, it might expose members using or receiving the currency concerned to possible losses or profits upon conversion.

Prior to 1962 a procedure had been developed to deal with this situation. Under this procedure, which is now being followed again, the rate used in the valuation of Canadian dollars in transactions is the midmarket rate on the day prior to the effective date of the transaction. The Fund's holdings of Canadian currency are revalued at this same rate on the occasion of each transaction and, in addition, at the end of each of the Fund's fiscal quarters. Quarterly valuation adjustment payments, however, need not be made, except at the end of each fiscal year if the market value has changed by less than 5 per cent from the rate for the last settlement. Under this procedure Canada received in 1970 a settlement of C $17.8 million with respect to the three-month period ended July 31, 1970, and, by year end, the valuation adjustments account contained an amount of C $1,291,059 in favour of Canada.

Fund holdings of Canadian dollars increased $193 million in 1970. Allowing for the $270 million payment by Canada in connection with the increase in Canada's quota and the loan by Canada to the IMF under the GAB of $24.5 million, the net use of Canadian dollars in Fund drawings amounted to $101 million during the year. The GAB loans was made in connection with a large drawing on the IMF by France and raised total IMF indebtedness to Canada under the GAB to the $120 million level.

Effective December 29, 1970 the Canadian quota was increased from $740 million to $1,100 million, necessitating a gold payment to the IMF of $90 million and Canadian currency payments of $270 million, largely in the form of non-negotiable, non-interest bearing notes of the Government of Canada. Canada remains the country with the sixth largest quota; her quota is now exceeded only by those of the U.S., U.K., Germany, France and Japan.

In September, 1970, Dr. Wm. C. Hood, Assistant Deputy Minister of Finance, was appointed Alternate Governor for Canada in the IMF, replacing Mr. Alan B. Hockin who had left the public service. Also, during the regular biannual election of Executive Directors, Mr. R. Johnstone, the Executive Director elected by Canada, Ireland and Jamaica in 1968, was re-elected.

Details as to the use of Canadian currency in Fund transactions and the operation of the Special Drawing Account are provided in Tables I and II respectively.

PUBLICATIONS OF THE INTERNATIONAL MONETARY FUND IN 1970

Annual Report of the Executive Directors for the Fiscal Year Ended April 30, 1970 (English, French, and Spanish editions; a condensed version in German)

Balance of Payments Yearbook, Vol. 21, 1964-68 (issued in monthly loose-leaf installments and a bound volume)
Vol. 22, 1964-69 (partially issued in monthly loose-leaf installments, to be completed in 1971)

By-Laws, Rules and Regulations, 29th Issue, November 30, 1970 (English, French, and Spanish editions)

Direction of Trade (published jointly by the International Monetary Fund and the International Bank for Reconstruction and Development - monthly and an annual summary)

Finance and Development (a quarterly publication of the International Monetary Fund and the International Bank for Reconstruction and Development issued in English, French, and Spanish, with an annual Portuguese language edition issued in Brazil and, from September 1970, a German edition printed in and distributed from Hamburg)

International Financial News Survey (weekly)

International Financial Statistics (monthly, issued in an English edition and in a trilingual edition, with text and titles in English, French and Spanish)

The International Monetary Fund and Africa (English and French editions)

The International Monetary Fund, 1945-1965: Twenty Years of International Monetary Cooperation (three-volume publication)

Pamphlets: No. 8 - The Cuban Insurance Cases and the Articles of the Fund (French edition)

No. 12 - The Reform of the Fund (French and Spanish editions)

No. 13 - Special Drawing Rights (first edition in French and Spanish; second edition in English with subtitle Character and Use)

The Role of Exchange Rates in the Adjustment of International Payments: A Report by the Executive Directors; Part I Review and Analysis, Part II Implications for Policy (English, French, and Spanish editions)

Schedule of Par Values, 48th Issue, January 5, 1970; 49th Issue, August 17, 1970; 50th Issue, October 15, 1970

Selected Decisions of the Executive Directors and Selected Documents, Fourth Issue

Staff Papers, Vol. XVII, Nos. 1, 2, and 3

Staff Papers Index, Vols. I-XVI (1950-69)

The Stand-By Arrangements of the International Monetary Fund

Summary Proceedings of the Annual Meeting, 1970

Surveys of African Economies: Vol. 2: Kenya, Tanzania, Uganda, and Somalia (French edition)

Vol. 3: Dahomey, Ivory Coast, Mauritania, Niger, Senegal, Togo, Upper Volta (English edition)

Twenty-First Annual Report on Exchange Restrictions, 1970

For further information about these publications, contact:

The Secretary,
International Monetary Fund,
19th & H Streets N.W.,
Washington, D.C., 20431,
U.S.A.

TABLE I

Purchases and Repurchases of Currencies from the Fund

January 1 - December 31, 1970

(In Millions of US Dollars)

Members	Purchases		Repurchases	
	Total Amount	Canadian Currency Component	Total Amount	Canadian Currency Component
Afghanistan	4.00	-	4.60	-
Brazil	-	-	75.20	(0.03)
Burma	12.00	-	-	-
Burundi	2.50	-	0.20	-
Ceylon	9.50	-	27.00	-
Chad	3.80	-	-	-
Chile	-	-	47.20	(6.61)
Colombia	29.20	(5.00)	72.60	-
Costa Rica	1.80	-	4.00	-
Denmark	25.00	-	25.80	(0.02)
Dominican Rep.	-	-	5.30	-
Ecuador	10.00	-	6.50	-
El Salvador	-	-	5.00	-
France	485.00	(38.80)	246.20	-
Ghana	2.00	-	24.90	-
Guatemala	-	-	8.40	-
Guinea	4.20	-	-	-
Haiti	-	-	2.80	-
Honduras	6.30	(4.75)	-	-
Iceland	-	-	7.50	-
India	-	-	197.00	(15.50)
Indonesia	38.00	-	3.00	-
Iran	16.80	-	-	-
Iraq	27.20	-	-	-
Ireland	40.00	-	-	-
Italy	463.00	(75.00)	-	-
Jamaica	3.80	-	-	-
Korea	-	-	12.50	(0.01)
Laos	0.50	-	-	-
Lesotho	0.60	-	-	-
Liberia	2.00	-	5.20	-
Malawi	1.00	-	-	-
Mali	1.50	-	4.00	-
Mauritius	-	-	4.00	-
Morocco	10.00	-	14.20	-
New Zealand	-	-	39.20	-
Nicaragua	10.00	-	13.20	-
Nigeria	8.80	-	-	-
Pakistan	-	-	28.40	-
Panama	-	-	1.70	-
Peru	18.00	(8.00)	26.90	-
Philippines	27.50	(4.50)	2.50	-
Rwanda	-	-	1.00	-
Sierra Leone	-	-	5.40	-
Somalia	-	-	1.90	-
South Africa	125.00	(20.00)	-	-
Spain	-	-	3.60	-
Sudan	-	-	8.10	(1.60)
Swaziland	1.20	-	-	-
Syrian Arab Rep.	3.00	-	-	-
Trinidad & Tobago	4.80	-	3.80	-
Tunisia	7.50	-	7.40	-
Turkey	75.00	-	27.00	(5.40)
United Arab Rep.	17.50	-	9.00	(1.00)
United Kingdom	150.00	-	338.20	(10.20)
United States	150.00	-	-	-
Upper Volta	0.80	-	-	-
Uruguay	40.30	-	28.10	-
Yemen Arab Rep.	0.50	-	-	-
Yugoslavia	-	-	45.30	-
Zambia	-	-	-	(0.02)

TABLE 11

Transactions in SDRs January 1 - December 31, 1970

Participants	Allocations Jan. 1, 1970	Net Acquisition or Net Use (-)	Holdings as of Dec. 31, 1970	
			Amount	Percentage of Allocations
	(millions of SDRs)			
Afghanistan	4.9	-3.0	1.9	39
Algeria	12.6	1.5	14.1	112
Argentina	58.8	.5	59.3	101
Australia	84.0	6.5	90.5	108
Austria	29.4	8.8	38.2	130
Belgium	70.9	134.0	204.9	289
Bolivia	4.9	-2.2	2.7	56
Botswana	.5	-	.5	100
Brazil	58.8	3.5	62.3	106
Burma	8.1	-8.1	-	-
Burundi	2.5	-.3	2.2	86
Cambodia	3.2	-1.6	1.6	50
Cameroon	3.1	-	3.1	100
Canada	124.3	57.8	182.1	146
Central African Rep.	1.6	-1.6	-	-
Ceylon	13.1	-13.1	-	-
Chad	1.7	-1.6	-	2
Chile	21.0	.8	21.8	104
Columbia	21.0	-20.9	.1	-
Congo, Democratic Rep.	15.1	.5	15.6	103
Congo, People's Rep.	1.7	-1.6	-	2
Costa Rica	4.2	-4.0	.2	5
Cyprus	3.4	.5	3.9	115
Dahomey	1.7	-	1.7	100
Denmark	27.4	-10.0	17.4	64
Dominican Rep.	5.4	-5.4	-	-
Ecuador	4.2	-4.1	.1	3
El Salvador	4.2	-4.2	-	-
Equatorial Guinea	1.0	-	1.0	100
Finland	21.0	2.3	23.3	111
France	165.5	6.0	171.4	104
Gabon	1.6	-	1.6	100
Gambia	.8	-	.8	100
Germany	201.6	56.0	257.6	128
Ghana	11.6	-11.6	-	-
Greece	16.8	-16.8	-	-
Guatemala	4.2	-2.2	2.0	49
Guinea	3.2	-3.0	.2	5
Guyana	2.5	-2.5	-	-
Haiti	2.5	-2.5	-	-
Honduras	3.2	-3.0	.2	6
Iceland	2.5	-2.0	.5	21
India	126.0	-81.8	44.2	35
Indonesia	34.8	-34.8	-	-
Iran	21.0	-20.0	1.0	5
Ireland	13.4	-	13.4	100
Israel	15.1	-15.1	-	-
Italy	105.0	-28.3	76.7	73
Ivory Coast	3.2	-	3.2	100
Jamaica	6.4	-	6.4	100
Japan	121.8	24.5	146.3	120
Jordan	2.7	-	2.7	100
Kenya	5.4	.4	5.8	108
Korea	8.4	1.9	10.3	123
Laos	1.7	-1.2	.5	30
Lesotho	.5	-.5	-	-
Liberia	3.4	-2.3	1.0	31
Luxembourg	3.2	-	3.2	100
Malagasy Rep.	3.2	-	3.2	100
Malawi	1.9	-	1.9	100
Malaysia	21.0	2.4	23.4	111
Mali	2.9	-2.9	-	-
Malta	1.7	-	1.7	100

Participants	Allocations Jan. 1, 1970	Net Acquisition or Net Use (-)	Holdings as of Dec. 31, 1970 Amount	Holdings as of Dec. 31, 1970 Percentage of Allocations
Mauritania	1.7	-	1.7	100
Mauritius	2.7	.1	2.6	98
Mexico	45.4	2.5	47.8	105
Morocco	15.1	-14.8	.3	2
Netherlands	87.4	56.7	144.1	165
New Zealand	26.4	-26.0	.4	1
Nicaragua	3.2	-2.2	1.0	30
Niger	1.7	-	1.7	100
Nigeria	16.8	-	16.8	100
Norway	25.2	2.0	27.2	108
Pakistan	31.6	-21.4	10.2	32
Panama	4.7	-1.5	3.2	69
Paraguay	2.5	-	2.5	100
Peru	14.3	-	14.3	100
Philippines	18.5	-18.5	-	-
Rwanda	2.5	-2.0	.5	20
Senegal	4.2	-3.0	1.2	28
Sierra Leone	2.5	-2.0	.5	19
Somalia	2.5	-1.9	.6	24
South Africa	33.6	5.5	39.1	116
Southern Yemen	3.7	-2.0	1.7	46
Spain	42.0	1.5	43.5	104
Sudan	9.6	-9.4	.1	2
Swaziland	1.0	-1.0	-	1
Sweden	37.8	-	37.8	100
Syrian Arab Rep.	6.4	-6.4	-	-
Tanzania	5.4	-3.5	1.9	35
Togo	1.9	-	1.9	100
Trinidad & Tobago	7.4	-6.9	.5	7
Tunisia	5.9	-5.9	-	-
Turkey	18.1	-18.0	.1	1
Uganda	5.4	-	5.4	100
United Arab Rep.	25.2	-25.1	.1	-
United Kingdom	409.9	-144.2	265.7	65
United States	866.9	-16.2	850.7	98
Upper Volta	1.7	-	1.7	100
Uruguay	9.2	-9.1	.1	1
Venezuela	42.0	5.5	47.5	113
Viet-Nam	6.6	-	6.6	100
Yugoslavia	25.2	-19.1	6.1	24
Zambia	8.4	.5	8.9	106
Country Total	3,414.0	-290.2	3,123.9	
Total used by participating countries			672.3	
of which acquired by other countries			382.1	
by IMF General Account			290.2	

THE WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK)

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

(a) Purpose and Functions

The primary function of the World Bank and IDA is to extend loans and credits to member countries, mainly the developing countries, for projects which the Bank's studies have indicated will make an important contribution to the borrower's economic development. The two organizations differ essentially in the sources of their funds and the terms of their loans. The World Bank obtains most of its funds by borrowing in private capital markets and accordingly it must lend on similar terms. IDA relies on interest-free advances from Governments for the bulk of its resources and thus can make loans on much softer terms. Otherwise the IBRD & IDA have similar policies. The two organizations are served by the same staff.

To provide the general guidelines within which its financing activities are conducted, the Bank seeks to acquire a comprehensive picture of the position and prospects of borrowing countries' economies and their development requirements. This makes it possible to identify economic sectors and projects which should be given high priority, and to form judgements on questions relevant to a borrowing country's economic growth, economic policies and its eligibility for Bank or IDA financing.

By giving continuous attention to the economic situation of developing member countries the Bank also seeks to help such countries make more effective use of all resources at their disposal, both domestic and foreign. It does so by providing assistance in formulating development policies, establishing development organizations, drawing up investment programmes for specific sectors and regions, identifying and preparing projects for financing, and encouraging the coordination of development assistance from bilateral and multilateral agencies.

In respect of coordination, the Bank has taken the lead in establishing "consortia" and "consultative groups" for 14 recipient countries and by participating in

four additional aid groups and consortia. Twenty-two aid-giving nations have been associated with one or more of these aid-coordinating activities. (Canada's participation in Bank Consortia and consultative groups, as well as other aspects of World Bank Group activity, is described in a separate section of this report entitled "Canada and the World Bank Group".)

The Bank also maintains close working relationship with other international organizations concerned with development assistance, particularly the United Nations, the United Nations Development Programme (UNDP), the UN's specialized agencies, the regional development banks and the Organization for Economic Cooperation and Development. For example, the Bank and the United Nations exchange information and coordinate technical assistance and other development activities through a high level liaison committee while the Bank Group has acted as executing agency for a number of pre-investment studies financed by the UNDP.

(b) Resources - The Bank's funds have come primarily from three sources:

(i) Paid-in capital

The Bank's subscribed capital is $23 billion, of which $2.3 billion or 10% has been paid-in. The remaining 90% constitutes a guarantee of the Bank's obligations.

The Board of Governors approved, just before the year's end, an increase in subscribed capital of $2.2 billion for 75 members, corresponding to the selective element of the increases in their IMF quotas. The paid-in portion of this amount will be $222 million. Accordingly, when these additional subscriptions have been taken up, subscribed capital and paid-in capital will be about $25.2 billion and $2.5 billion respectively.

(ii) Borrowing

As of December 31, 1970, the Bank had borrowed a total of $9.1 billion since the commencement of operations, of which $4.9 billion was outstanding.

(iii) Net Income from Operations

As of December 31, 1970, retained earnings available for operations amounted to approximately $1.4 billion. Net income in 1970 was $227 million, compared to $189 million in 1969.

IDA's loanable resources have been derived largely from budgetary allocations from its member governments, principally the developed country or Part I members. Total usable resources made available or committed to IDA from the beginning of its operations to the end of 1970 were approximately $3.3 billion. Of this amount $2.75 billion had been provided by Part I countries. The balance was derived from transfers by the World Bank of a portion of its net earnings to IDA, ($485 million) subscriptions by developing country members ($45 million), IDA's own net income ($41 million) and a loan from Switzerland ($12 million).

During the year negotiations for a Third Replenishment of IDA's resources were completed. Details of this matter are given below in the section on World Bank Group activities during 1970.

(c) Loans and Credits

By December 31, 1970, the Bank had lent a total of $15 billion to 88 of its 115 members. The Bank's loans are long term (15 to 30 years) and carry conventional rates of interest. The rate was increased in August, 1970, from 7% to 7¼%.

By December 31, 1970, IDA had extended total credits of $2.9 billion to 55 of its 107 member countries. IDA's loans are interest free (though there is a service charge of 3/4 of 1%) and for a 50-year term with 10 years' grace. In the main they are confined to countries where per capita incomes are exceptionally low and which cannot meet all of their external capital requirements on conventional terms.

INTERNATIONAL FINANCE CORPORATION

The IFC supplements the activities of the Bank and IDA by making and encouraging investments on commercial terms in productive private enterprises in developing member countries. With the addition of three countries during 1970, it now has 95 members. Its resources have been derived largely from paid-in capital subscribed by member governments, which rose to $107 million in 1970, and from borrowings from the World Bank of $200 million.

IFC made additional commitments during 1970 of $118.6 million, bringing the total of gross commitments since inception of operations to $496 million in 43 countries. (Net commitments, after deduction of cancellations and terminations, were $467.4 million). Of gross commitments, approximately $199.8 million have been in Latin America (40%), $147.3 million in Asia and the Middle East (30%), $84.8 million in Africa (17%) and $64.1 million in Europe and Australasia (13%).

WORLD BANK GROUP IN 1970 - GENERAL REVIEW

Commission on International Development

The Bank-sponsored Commission on International Development, which was headed by the Rt. Hon. Lester Pearson, presented its report "Partners in Development" to the Bank's President in October, 1969. The Report surveyed in detail past performance and future prospects of the world development effort and contained a large number of specific recommendations for action by both donors and recipients of assistance. Among the recommendations were 33 relating to activities of the World Bank Group. A detailed analytical memorandum on each of these recommendations was prepared by the President and served as a basis for discussion and review by the Executive Board. The Board completed its examination of the recommendations early in 1971. In the great majority of cases, the Commission's recommendations were endorsed by the President and the Board and many of them have been acted upon.

Loans, Credits and Investments

Total loans, credits and investments made by the World Bank Group in 1970 and in the three preceding years are as follows:

(in millions of U.S. dollars)

	1967	1968	1969	1970
World Bank	592	1,094	1,225	(a) 1,615
IDA	68	131	463	605
IFC	38	48	88	119
	698	1,273	1,776	2,339

Table I annexed to this Report lists World Bank and IDA loans and credits in 1970 according to geographical area and purpose, while Table II is a historical summary of loans and credits by year, geographical area, and purpose. IFC investments and commitments by year and by purpose since the commencement of operations are listed in Table III.

(a) Exclusive of $100 million loan to IFC.

Bank Borrowing

The World Bank sold $1,040.4 million of its obligations in the international investment market during 1970. This included the first borrowings in Japan equivalent to $200 million, a public offering of $200 million in the United States, borrowing in Germany equivalent to $245.4 million, and in Switzerland equivalent to $17.5 million. Other borrowings, all outside the United States, amounted to $377.5 million. The net increase in the Bank's funded debt was about $620 million, raising the total to about $4,921 million.

IDA Replenishment

Negotiations for a Third Replenishment of IDA's resources were successfully completed during the year. Subject to necessary legislative authorization, 21 member countries (the Part I members plus Ireland, Spain, and Yugoslavia), together with Switzerland, will make available approximately $813 million a year over a three-year period,

or a total of over $2.4 billion. (Contributions under the First and Second Replenishments were about $750 million and $1.2 billion respectively.) Canada's share of the Third Replenishment will be $50 million a year, or a total of $150 million.

CANADA AND THE WORLD BANK GROUP

Board of Governors

There were no changes in Canada's representation on the Board of Governors during the year. However, in January, 1971, Mr. Paul Gérin-Lajoie, the new President of the Canadian International Development Agency, replaced the Agency's previous President, Mr. Maurice F. Strong, as Alternate Governor. The Honourable Edgar J. Benson, Minister of Finance, continues as Canada's Governor.

Funds Subscribed or Contributed

World Bank

Canada's share of the Bank's subscribed capital is $792 million (3.43%), of which $79.2 million or 10% has been paid in. As a result of the selective increases recently approved, Canada is entitled to subscribe to an additional $149.8 million, of which the paid-in portion will be about $15 million. This additional subscription will raise the amounts of Canada's subscribed and paid-in capital to $941.8 million and $94 million respectively, representing approximately 3.7% of the total for all members.

IDA

As a part I member of IDA Canada has contributed $154.5 million to the Association. In addition, it has agreed to contribute a further $150 million under the Third Replenishment, subject to Parliamentary approval.

IFC

Canada's subscription to the IFC is $3.6 million.

World Bank Borrowings in Canada

Over the years, the Bank has offered seven bond issues in the Canadian market totalling $125 million, of which approximately $73 million is still outstanding. The Bank has also placed in Canada some of the two-year dollar bond issues which it has been offering for a number of years to central banks and other governmental agencies. Two such issues were offered in 1970 (at interest rates of 8 1/8% and 7 7/8% respectively) and Canada purchased $12.5 million of each.

Canadian Goods and Services for Projects Financed by the Bank and IDA

Total identifiable expenditures in Canada by World Bank and IDA borrowers to December 31, 1970, were $256.2 million. Details of the expenditures made, by year and by industrial sector, are provided in Table IV.

Canadian Personnel

There were 122 Canadian nationals on the staff of the World Bank Group at the end of 1970; 48 were in professional positions, including two of the Bank's senior officers.

Canada's Contribution as a Member of Consortia and Consultative Groups Organized by the Bank

Canada has been a member of the Consortia for Aid to India and Pakistan since their establishment in 1958 and 1960 respectively. Canada has also been a member of Consultative Groups organized by the Bank to coordinate development assistance to Ceylon, Colombia, East Africa, Korea, Malaysia, Morocco, Nigeria, Peru, the Sudan, Thailand and Tunisia and has participated in World Bank-sponsored joint financing of projects in Mexico and Colombia by extending long-term export credits. During the year Canada joined the Inter-Governmental Group for Indonesia, for which the Bank provides staff support.

TABLE I

IBRD LOANS AND IDA CREDITS - 1970
(Millions of U.S. dollars)

BY AREA	BANK		IDA		TOTAL		
	Amount	No. Loans	Amount	No. Credits	Amount	No.	No. Countries
Africa	243.4	16	158.3	26	401.7	42	28
Asia	553.7	22	423.3	27	977.0	49	14
Europe	208.4	9	-	-	208.4	9	6
Latin America and Caribbean	609.6	21	23.2	6	632.8	27	14
	1,615.1	68	604.8	59	2,219.9	127	62
BY PURPOSE							
Electric Power	572.1	13	43.1	4	615.2	17	
Transportation	466.9	19	85.2	14	552.1	33	
Agriculture	84.6	9	273.2	24	357.8	33	
Development Finance Companies	278.0	12	25.0	2	303.0	14	
Telecommunications	86.4	3	27.8	2	114.2	5	
Education	79.8	8	21.7	4	101.5	12	
Industrial Imports	-	-	75.0	1	75.0	1	
Industry	18.5	1	33.0	2	51.5	3	
Water Supply	26.8	2	10.5	1	37.3	3	
Project Preparation	-	-	6.3	4	6.3	4	
Technical Assistance	-	-	4.0	1	4.0	1	
Family Planning	2.0	1	-	-	2.0	1	
	1,615.1	68	604.8	59	2,219.9	127	

TABLE II

IBRD LOANS AND IDA CREDITS - 1946/47 TO 1970

(Millions of U.S. dollars)

BY FISCAL YEAR 1/	IBRD LOANS No.	IBRD LOANS Amount	IBRD LOANS Disbursements	IDA CREDITS No.	IDA CREDITS Amount	IDA CREDITS Disbursements
Cumulative to 1959-60	265	5,180.7	3,921.2			
1960/61	27	609.9	398.5	4	101.0	
1961/62	29	882.3	485.4	18	134.1	12.2
1962/63	28	448.7	620.4	17	260.0	56.2
1963/64	37	809.8	558.9	18	283.2	124.1
1964/65	38	1,023.3	605.7	20	309.1	222.2
1965/66	37	839.2	668.4	12	284.1	266.9
1966/67	46	876.8	790.4	20	353.5	342.1
1967/68	44	846.9	772.0	18	106.6	318.8
1968/69	84	1,399.2	762.0	38	385.0	255.8
1969/70	70	1,680.3	771.8	56	605.6	143.3
1970/to Dec. 31	20	449.1	464.0	16	120.9	81.4
	725	15,046.2	10,818.7	237	2,943.1	1,823.0
BY AREA 2/						
Africa	133	2,100.9		99	588.5	
Europe	113	2,643.0		8	92.3	
Asia	218	4,798.6		104	2,050.0	
Australasia	11	514.7		-	-	
Western Hemisphere	249	4,389.5		26	155.3	
International Finance Corporation	1	200.0		-	-	
	725	14,646.7		237	2,886.1	
BY PURPOSE 2/						
Reconstruction		496.8			-	
Electric Power		4,792.9			185.7	
Transportation		4,441.8			867.6	
Communication		279.9			148.6	
Agriculture		1,306.4			676.5	
Industry		1,089.4			39.4	
Development Finance Companies		1,176.3			64.6	
General Development and Industrial Imports		552.3			655.0	
Water Supply		130.8			48.0	
Education		177.2			180.5	
Project Preparation		0.9			14.2	
Technical Assistance		-			6.0	
Family Planning		2.0			-	
International Finance Corporation		200.0			-	
		14,646.7			2,886.1	

1/ Fiscal years are those of the World Bank Group (July 1 to June 30).
2/ The figures are rounded and are net of cancellations, refundings and terminations.

TABLE III

SUMMARY OF IFC OPERATIONS
(Millions U.S. $)

BY FISCAL YEAR	Operational Investments	Stand By and Underwriting Commitments	Total Commitments	No. Commitments	Disbursements
1956-60 cumulative	45.0	-	45.0	37	22.7
1960-61	6.2	-	6.2	10	10.4
1961-62	18.4	2.9	21.3	10	11.9
1962-63	13.0	5.1	18.1	12	15.9
1963-64	18.2	2.6	20.8	18	15.6
1964-65	19.7	6.0	25.7	16	16.3
1965-66	26.8	8.5	35.3	21	21.8
1966-67	49.0	-	49.0	14	25.4
1967-68	41.4	9.0	50.4	16	33.1
1968-69	87.8	5.1	92.9	27	33.4
1969-70	107.9	3.9	111.8	29	85.3
1970 to December 31	14.5	5.0	19.5	5	37.7
Gross Commitments, net of exchange adjustments	447.9	48.1	496.0	215	329.5
Cancellations and terminations	28.4	0.3	28.6		
Net Commitments	419.5	47.8	467.4		
BY PURPOSE					
Development Finance Companies					52.7
Industry					
Manufacturing					
Iron and Steel			54.6		
Fertilizer			56.6		
Cement and Other Construction Materials			49.7		
Paper and Paper Products			64.8		
Textiles and Fibres			34.2		
Food and Food Processing			24.2		
Machinery			25.4		
Chemical and Petrochemical Products			21.7		
Other Manufacturing			33.7		
			364.9		
Non-Manufacturing					
Mining			36.7		
Utilities and Printing and Publishing			23.5		
Tourism			18.2		
			78.4		443.3
Gross Commitments					496.0

TABLE IV

DISBURSEMENTS BY IBRD AND IDA BORROWERS FOR GOODS AND SERVICES IN CANADA TO DECEMBER 31, 1970

(In millions of U.S. dollars)

BY YEAR	IBRD	IDA	TOTAL
Cumulative to December 31, 1960	133.5	-	133.5
1961	8.2	-	8.2
1962	3.7	-	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
1969	4.4	11.0	15.4
1970	7.6	1.3	8.9
Total	204.2	52.0	256.2
BY PURPOSE			
Electric Power	53.8	3.9	57.7
Transportation	70.6	11.8	82.4
Telecommunications	1.0	.5	1.5
Agriculture	2.3	1.0	3.3
Industry (manufacturing)	3.9	33.8	37.7
Development Finance Companies	1.8	-	1.8
Water Supply	.2	.2	.4
Education	.3	.1	.4
Multi-Purpose Loans	56.4	.7	57.1
Other	13.9	-	13.9
Total	204.2	52.0	256.2

TABLEAU IV

VERSEMENTS DES EMPRUNTEURS DE LA BIRD ET DE L'IDA
EN BIENS ET SERVICES AU CANADA AU 31 DÉCEMBRE 1970
(en millions de dollars É.-U.)

EXERCICE	BIRD	IDA	TOTAL
Cumulé au 31 décembre 1960	133.5	-	133.5
1961	8.2	-	8.2
1962	3.7	-	3.7
1963	5.6	7.4	13.0
1964	4.7	1.8	6.5
1965	5.4	2.7	8.1
1966	11.6	5.3	16.9
1967	13.2	14.7	27.9
1968	6.3	7.8	14.1
1969	4.4	11.0	15.4
1970	7.6	1.3	8.9
Total	204.2	52.0	256.2

OBJET			
Énergie électrique	53.8	3.9	57.7
Transports	70.6	11.8	82.4
Télécommunications	1.0	.5	1.5
Agriculture	2.3	1.0	3.3
Industrie (manufacturière)	3.9	33.8	37.7
Sociétés financières de développement	1.8	-	1.8
Adduction d'eau	.2	.2	.4
Éducation	.3	.1	.4
Prêts polyvalents	56.4	.7	57.1
Autres	13.9	-	13.9
Total	204.2	52.0	256.2

TABLEAU III

RÉSUMÉ DES OPÉRATIONS DE LA SFI
(en millions de dollars É.-U.)

EXERCICE FINANCIER	Investissements d'exploitation	Engagements d'aide éventuelle et de garantie d'émission	Engagements totaux	Nombre d'engagements	Versements
Cumulé 1956-1960	45.0	-	45.0	37	22.7
1960-1961	6.2	-	6.2	10	10.4
1961-1962	18.4	2.9	21.3	10	11.9
1962-1963	13.0	5.1	18.1	12	15.9
1963-1964	18.2	2.6	20.8	18	15.6
1964-1965	19.7	6.0	25.7	16	16.3
1965-1966	26.8	8.5	35.3	21	21.8
1966-1967	49.0	-	49.0	14	25.4
1967-1968	41.4	9.0	50.4	16	33.1
1968-1969	87.8	5.1	92.9	27	33.4
1969-1970	107.9	3.9	111.8	29	85.3
1970 au 31 déc.	14.5	5.0	19.5	5	37.7
Engagements bruts, nets après ajustements de change	447.9	48.1	496.0	215	329.5
Annulations et résiliations	28.4	0.3	28.6		
Engagements nets	419.5	47.8	467.4		

OBJET		
Sociétés financières de développement		52.7
Industrie		
Industries manufacturières		
Sidérurgie	54.6	
Engrais	56.6	
Ciment et autres matériaux de construction	49.7	
Papier et produits de papier	64.8	
Textiles et fibres	34.2	
Alimentation et conservation des aliments	24.2	
Machines	25.4	
Produits chimiques et pétrochimiques	21.7	
Autres industries	33.7	
	364.9	
Industries non manufacturières		
Industrie minière	36.7	
Services publics, Impression et Édition	23.5	
Tourisme	18.2	
	78.4	443.3
Engagements bruts		496.0

TABLEAU II

PRÊTS DE LA BANQUE ET CRÉDITS DE L'IDA - de 1946-1947 à 1970
(en millions de dollars É.-U.)

EXERCICE FINANCIER 1/	PRÊTS DE LA BANQUE			CRÉDITS DE L'IDA		
	Nombre	Montant	Versements	Nombre	Montant	Versements
Cumulé jusqu'en 1959-1960	265	5,180.7	3,921.2			
1960-1961	27	609.9	398.5	4	101.0	
1961-1962	29	882.3	485.4	18	134.1	12.2
1962-1963	28	448.7	620.4	17	260.0	56.2
1963-1964	37	809.8	558.9	18	283.2	124.1
1964-1965	38	1,023.3	605.7	20	309.1	222.2
1965-1966	37	839.2	668.4	12	284.1	266.9
1966-1967	46	876.8	790.4	20	353.5	342.1
1967-1968	44	846.9	772.0	18	106.6	318.8
1968-1969	84	1,399.2	762.0	38	385.0	255.8
1969-1970	70	1,680.3	771.8	56	605.6	143.3
1970 au 31 déc.	20	449.1	464.0	16	120.9	81.4
	725	15,046.2	10,818.7	237	2,943.1	1,823.0
RÉGION 2/						
Afrique	133	2,100.9		99	588.5	
Europe	113	2,643.0		8	92.3	
Asie	218	4,798.6		104	2,050.0	
Australasie	11	514.7		-	-	
Hémisphère occidental	249	4,389.5		26	155.3	
Société Financière Internationale	1	200.0		-	-	
	725	14,646.7		237	2,886.1	
OBJET 3/						
Reconstruction		496.8			-	
Énergie électrique		4,792.9			185.7	
Transports		4,441.8			867.6	
Communications		279.9			148.6	
Agriculture		1,306.4			676.5	
Industrie		1,089.4			39.4	
Sociétés financières de développement		1,176.3			64.6	
Développement général et importations industrielles		552.3			655.0	
Adduction d'eau		130.8			48.0	
Éducation		177.2			180.5	
Préparation de projets		0.9			14.2	
Assistance technique		-			6.0	
Planification familiale		2.0			-	
Société Financière Internationale		200.0			-	
		14,646.7			2,886.1	

1/ Les exercices financiers sont ceux du Groupe de la Banque mondiale (1er juillet au 30 juin).

2/ Les chiffres sont arrondis et exprimés en chiffres nets, après annulations, remboursements et résiliations.

TABLEAU I

PRÊTS DE LA BANQUE ET CRÉDITS DE L'IDA - 1970
(en millions de dollars É.-U.)

RÉGION	BANQUE		IDA		TOTAL		
	Montant	Nombre de prêts	Montant	Nombre de crédits	Montant	Nombre de prêts et crédits	Nombre de pays
Afrique	243.4	16	158.3	26	401.7	42	28
Asie	553.7	22	423.3	27	977.0	49	14
Europe	208.4	9	-	-	208.4	9	6
Hémisphère occidental	609.6	21	23.2	6	632.8	27	14
	1,615.1	68	604.8	59	2,219.9	127	62
OBJET							
Énergie électrique	572.1	13	43.1	4	615.2	17	
Transport	466.9	19	85.2	14	552.1	33	
Agriculture	84.6	9	273.2	24	357.8	33	
Sociétés financières de développement	278.0	12	25.0	2	303.0	14	
Télécommunications	86.4	3	27.8	2	114.2	5	
Éducation	79.8	8	21.7	4	101.5	12	
Importations industrielles	-	-	75.0	1	75.0	1	
Industrie	18.5	1	33.0	2	51.5	3	
Adduction d'eau	26.8	2	10.5	1	37.3	3	
Préparation de projets	-	-	6.3	4	6.3	4	
Assistance technique	-	-	4.0	1	4.0	1	
Planification familiale	2.0	1	-	-	2.0	1	
	1,615.1	68	604.8	59	2,219.9	127	

Ceylan, à la Colombie, à l'Afrique orientale, à la Corée, à la Malaisie, au Maroc, au Nigeria, au Pérou, au Soudan, à la Thaïlande et à la Tunisie. De plus, il a participé sous les auspices de la Banque au financement conjoint d'entreprises au Mexique et en Colombie en accordant des crédits d'exportation à long terme. Au cours de l'année, le Canada s'est joint au groupe intergouvernemental pour l'Indonésie, auquel la Banque fournit le personnel auxiliaire.

outre, il a accepté de fournir encore 150 millions à l'occasion de la troisième reconstitution des ressources, si le Parlement approuve une telle contribution.

SFI

La souscription du Canada à la SFI est de 3.6 millions de dollars.

Les emprunts de la Banque mondiale au Canada

Au cours des années, la Banque a mis en vente sur le marché canadien sept émissions d'obligations d'un montant global de 125 millions de dollars, dont environ 73 millions sont encore en circulation. La Banque a également placé au Canada une partie des émissions d'obligations à deux ans, libellées en dollars, qu'elle offre depuis un certain nombre d'années aux banques centrales et autres organismes gouvernementaux. Deux de ces émissions ont été offertes en 1970 (à des taux d'intérêt de 8 1/8 p. 100 et 7 7/8 p. 100 respectivement) et le Canada a acheté pour 12.5 millions de dollars de chacune d'elles.

Biens et services canadiens pour des projets financés par la Banque et l'IDA

Au 31 décembre 1970, la somme des dépenses qu'on peut reconnaître, effectuées au Canada par les emprunteurs de la Banque mondiale et de l'IDA totalisait 256.2 millions de dollars. Le Tableau IV donne la ventilation de ces dépenses, par année, et par secteur industriel.

Employés canadiens

À la fin de 1970, le personnel du Groupe de la Banque mondiale comptait 122 ressortissants canadiens; 48 d'entre eux occupaient des emplois de hautes qualifications, y compris deux des hauts fonctionnaires de la Banque.

Contribution du Canada à titre de membre de consortiums et de groupes consultatifs organisés par la Banque

Le Canada est membre des consortiums d'aide à l'Inde et au Pakistan depuis leur création en 1958 et 1960, respectivement. Le Canada a aussi été membre de groupes consultatifs constitués par la Banque afin de coordonner l'aide au développement accordée à

Reconstitution des ressources de l'IDA

Les négociations en vue d'une troisième reconstitution des ressources de l'IDA ont abouti au cours de l'année. Sous réserve de l'autorisation législative indispensable, 21 États-membres (ceux de la Partie I, plus l'Irlande, l'Espagne et la Yougoslavie) mettront, avec la Suisse, à la disposition de l'IDA environ 813 millions de dollars par année pendant trois ans, soit un total dépassant 2.4 milliards de dollars. (Les deux premières reconstitutions de ressources avaient produit des contributions d'à peu près 750 millions et 1.2 milliard de dollars respectivement.) L'apport du Canada à la troisième reconstitution sera de 50 millions par année, soit un total de 150 millions de dollars.

LE CANADA ET LE GROUPE DE LA BANQUE MONDIALE

Conseil des Gouverneurs

Il n'y a pas eu de changements dans la représentation du Canada au Conseil des Gouverneurs au cours de l'année écoulée. Toutefois, en janvier 1971, M. Paul Gérin-Lajoie, nouveau président de l'Agence canadienne de développement international, a succédé au président précédent de l'Agence, M. Maurice F. Strong, comme Gouverneur suppléant. L'hon. Edgar J. Benson, ministre des Finances, reste Gouverneur pour le Canada.

Fonds souscrits ou contribués

Banque mondiale

La part du Canada au capital actuellement souscrit de la Banque est de 792 millions de dollars (3.43 p. 100 du total), dont 79.2 millions, soit 10 p. 100, ont été versés. En conséquence de l'approbation récente d'augmentations sélectives, le Canada peut encore souscrire 149.8 millions de dollars, dont quelque 15 millions seront versés. Cette souscription additionnelle portera les chiffres du capital souscrit et du capital versé par le Canada à 941.8 millions et à 94 millions respectivement, soit à peu près 3.7 p. 100 du total pour tous les États-membres.

IDA

En tant qu'État-membre de l'IDA, en vertu de la Partie I, le Canada a apporté 154.5 millions de dollars à l'Association. En

chacune des recommandations, préparé par le président, a servi de fondement aux discussions et à l'examen du Conseil d'administration. Au début de 1971, le Conseil a terminé l'étude des recommandations. Dans la grande majorité des cas, le président et le Conseil ont approuvé les recommandations de la Commission; bon nombre d'entre elles ont été mises en application.

Prêts, crédits et investissements

Les prêts, crédits et investissements du Groupe de la Banque mondiale ont atteint les totaux suivants en 1970, et au cours des trois années précédentes:

(En millions de $ É.-U.)

	1967	1968	1969	1970
Banque mondiale	592	1,094	1,225	a) 1,615
IDA	68	131	463	605
SFI	38	48	88	119
	698	1,273	1,776	2,339

Le Tableau I annexé au présent rapport énumère les prêts et les crédits de la Banque mondiale et de l'IDA en 1970 par région géographique et par objet; le Tableau II est un résumé rétrospectif des prêts et des crédits par année, par région géographique et par objet. Le Tableau III énumère les investissements et les engagements de la SFI par année et par objet depuis le commencement des opérations.

a) À l'exclusion d'un prêt de 100 millions à la SFI

Emprunts faits par la Banque

La Banque mondiale a vendu pour 1,040.4 millions de dollars de ses obligations sur le marché financier international au cours de 1970. Ce chiffre inclut les premiers emprunts effectués au Japon, équivalant à 200 millions de dollars, une émission publique de 200 millions aux États-Unis, un emprunt en Allemagne équivalant à 245.4 millions, et un autre en Suisse équivalant à 17.5 millions. Les autres emprunts, tous effectués à l'extérieur des États-Unis, ont totalisé 377.5 millions de dollars. La dette consolidée de la Banque a subi une augmentation nette d'environ 620 millions, pour atteindre un total d'environ 4,921 millions de dollars.

de service de ¾ p. 100), prévus pour une échéance de 50 ans avec délai de carence de 10 ans. De façon générale, ses prêts vont aux pays qui ont un revenu par tête moyen exceptionnellement bas et qui ne peuvent faire face à tous leurs besoins de capitaux étrangers aux conditions classiques.

SOCIÉTÉ FINANCIÈRE INTERNATIONALE

La Société Financière Internationale complète l'activité de la Banque et de l'IDA en faisant et en encourageant des investissements à des conditions commerciales dans des entreprises productives du secteur privé dans les États-membres en voie de développement. Avec l'admission de trois pays en 1970, elle compte maintenant 95 membres. Ses ressources proviennent principalement du capital souscrit et versé par les gouvernements-membres, qui s'est élevé à 107 millions en 1970, et d'emprunts obtenus de la Banque mondiale du montant de 200 millions de dollars.

La SFI a consenti durant 1970 des engagements supplémentaires d'une valeur de 118.6 millions de dollars, ce qui porte le total des engagements bruts depuis le début des opérations à 496 millions dans 43 pays. (Les engagements nets, après déduction des annulations et des résiliations, ont été de 467.4 millions.) Du total des engagements bruts, environ 199.8 millions de dollars ont été affectés en Amérique latine (40 p. 100), 147.3 millions en Asie et au Moyen-Orient (30 p. 100), 84.8 millions en Afrique (17 p. 100), et 64.1 millions en Europe et en Australasie (13 p. 100).

LE GROUPE DE LA BANQUE MONDIALE EN 1970

REVUE GÉNÉRALE

La Commission d'étude du développement international

La Commission d'étude du développement international, parrainée par la Banque et dirigée par le très honorable Lester B. Pearson, a présenté son rapport intitulé "Partners in Development" au président de la Banque en octobre 1969. Ce rapport examinait en détail les réalisations passées et les perspectives d'avenir de l'effort de développement international, et contenait toute une série de recommandations précises destinées aux pays donateurs et aux pays bénéficiaires de l'assistance. L'activité du Groupe de la Banque mondiale faisait l'objet de 33 de ces recommandations. Un mémoire analytique détaillé portant sur

(ii) Emprunts:

Au 31 décembre 1970, la Banque avait emprunté un total de 9.1 milliards de dollars depuis le commencement des opérations, dont 4.9 milliards restaient à rembourser.

(iii) Revenu net des opérations:

Au 31 décembre 1970, les bénéfices non distribués et disponibles pour les opérations s'élevaient à environ 1.4 milliard de dollars. Le revenu net en 1970 a été de 227 millions de dollars, comparativement à 189 millions en 1969.

Les ressources permettant à l'IDA d'effectuer des prêts proviennent en grande partie des subventions accordées dans les budgets des gouvernements-membres, principalement des États-membres développés ou de la Partie I. Les ressources utilisables, mises à la disposition de l'IDA ou engagées en sa faveur depuis le début de ses opérations jusqu'à la fin de 1970, formaient un total d'environ 3.3 milliards de dollars, dont 2.75 milliards avaient été fournis par les pays de la Partie I. Le solde provient de virements effectués à l'IDA, par la Banque mondiale (485 millions de dollars) d'une partie de ses bénéfices nets, de souscriptions versées par les États-membres en voie de développement (45 millions), du revenu net de l'IDA (41 millions) et d'un emprunt fait à la Suisse (12 millions).

Au cours de l'année, on a terminé les négociations en vue d'une troisième reconstitution des ressources de l'IDA. Tous les aspects de cette question sont exposés plus loin, au chapitre concernant les activités du Groupe de la Banque mondiale en 1970.

c) Prêts et crédits

Au 31 décembre 1970, la Banque avait prêté un total de 15 milliards de dollars à 88 de ses 115 États-membres. La Banque consent des prêts à long terme (de 15 à 30 ans) aux taux d'intérêt d'usage. Le taux a passé en août 1970 de 7 p. 100 à 7¼ p. 100.

Au 31 décembre 1970, l'IDA avait accordé des crédits du montant total de 2.9 milliards de dollars à 55 de ses 107 États-membres. Les prêts de l'IDA sont exempts d'intérêt (mais il y a une taxe

Sur le plan de la coordination, la Banque a donné le ton en établissant des "consortiums" et des "groupes consultatifs" dans le cas de 14 pays destinataires et en participant à quatre autres groupes d'aide et consortiums. Vingt-deux pays donateurs ont participé à une ou plusieurs de ces activités de coordination. (La participation du Canada aux consortiums et aux groupes consultatifs de la Banque, ainsi qu'à d'autres aspects de l'activité du Groupe de la Banque mondiale, est exposée dans un chapitre distinct, intitulé "Le Canada et le Groupe de la Banque mondiale".)

La Banque maintient également des relations de travail étroites avec d'autres organismes internationaux intéressés à l'aide au développement, particulièrement les Nations Unies et le Programme des Nations Unies pour le développement (UNDP), les agences spécialisées des Nations Unies, les banques régionales de développement et l'Organisation de Coopération et de Développement Économique (OCDE). Par exemple, la Banque et les Nations Unies échangent des renseignements et coordonnent l'assistance technique et les autres activités de développement au moyen d'un Comité de liaison à l'échelon supérieur; de son côté, le Groupe de la Banque a rempli les fonctions d'agence d'exécution pour un certain nombre d'études préalables aux investissements qui étaient financées par l'UNDP.

b) Ressources

La Banque dispose de trois sources principales de fonds:

(i) Le capital versé:

Le capital souscrit de la Banque s'élève à 23 milliards de dollars, dont 2.3 milliards (10 p. 100) ont été versés. Le reste (90 p. 100 sert de garantie aux engagements de la Banque.

Le Conseil des Gouverneurs a approuvé, immédiatement avant la fin de l'année, une augmentation du capital souscrit de 2.2 milliards de dollars pour 75 membres, ce qui correspond à l'élément sélectif des augmentations de leurs quotes-parts au Fonds Monétaire International. De ce montant, 222 millions devront être versés; lorsque ces souscriptions supplémentaires auront été exécutées, le capital souscrit atteindra 25.2 milliards de dollars et le capital versé, 2.5 milliards.

LE GROUPE DE LA BANQUE MONDIALE

BANQUE INTERNATIONALE POUR LA RECONSTRUCTION ET LE DÉVELOPPEMENT (BANQUE MONDIALE)

ASSOCIATION INTERNATIONALE DE DÉVELOPPEMENT (IDA)

a) Objet et fonctions

La fonction essentielle de la Banque mondiale et de l'IDA consiste à accorder des prêts et des crédits aux États-membres, principalement les pays en voie de développement, pour la réalisation de projets qui, selon les études de la Banque, contribueront de façon notable au développement économique du pays emprunteur. Les deux organismes diffèrent essentiellement relativement aux sources de leurs fonds et aux conditions de leurs prêts. La Banque mondiale obtient la majeure partie de ses fonds en empruntant sur les marchés financiers du secteur privé et, en conséquence, elle doit prêter à des conditions semblables. L'IDA compte pour la plus grosse partie de ses ressources sur des avances sans intérêt que lui consentent les gouvernements et, ainsi, elle peut consentir des prêts à des conditions beaucoup plus avantageuses. À tous autres égards, la Banque et l'IDA ont des politiques semblables. Les deux organisations sont desservies par le même personnel.

Pour établir le cadre général dans lequel s'exerce son activité de financement, la Banque cherche à obtenir une image complète de la situation et des perspectives des économies des pays emprunteurs ainsi que des exigences de leur développement, ce qui lui permet de reconnaître des secteurs économiques et des projets auxquels il faut donner une haute priorité, et de juger des questions rattachées à l'essor économique et aux politiques économiques d'un pays emprunteur et à son admissibilité au financement par la Banque ou par l'IDA.

En accordant une attention continuelle à la situation économique des États-membres en voie de développement, la Banque essaie aussi de les aider à utiliser de façon plus efficace toutes les ressources, intérieures et étrangères, dont ils disposent. Ce, en fournissant une aide dans divers domaines: la formulation des politiques de développement, la création d'organismes de développement, l'établissement de programmes d'investissement destinés à des régions et secteurs déterminés, le repérage et la préparation de projets de financement; elle encourage également la coordination de l'aide au développement émanant d'organismes bilatéraux et multilatéraux.

Participants	Allocations (jan. 1 1970)	Montant net reçu ou utilisation nette (-)	Montant	Pourcentage de l'allocation
Nicaragua	3.2	-2.2	1.0	30
Niger	1.7	-	1.7	100
Nigéria	16.8	-	16.8	100
Norvège	25.2	2.0	27.2	108
Nouvelle-Zélande	26.4	-26.0	.4	1
Pakistan	31.6	-21.4	10.2	32
Panama	4.7	-1.5	3.2	69
Paraguay	2.5	-	2.5	100
Pays-Bas	87.4	56.7	144.1	165
Pérou	14.3	-	14.3	100
Philippines	18.5	-18.5	-	-
Rép. arabe unie	25.2	-25.1	.1	-
Rép. arabe syrienne	6.4	-6.4	-	-
Rép. centrafricaine	1.6	-1.6	-	-
Rép. démocratique du Congo	15.1	.5	15.6	103
Rép. dominicaine	5.4	-5.4	-	-
Rép. malgache	3.2	-	3.2	100
Rép. populaire du Congo	1.7	-1.6	-	2
Royaume-Uni	409.9	-144.2	265.7	65
Rwanda	2.5	-2.0	.5	20
Salvador	4.2	-4.2	-	-
Sénégal	4.2	-3.0	1.2	28
Sierra Leone	2.5	-2.0	.5	19
Somalie	2.5	-1.9	.6	24
Soudan	9.6	-9.4	.1	2
Suède	37.8	-	37.8	100
Swaziland	1.0	-1.0	-	1
Tanzanie	5.4	-3.5	1.9	35
Tchad	1.7	-1.6	-	2
Togo	1.9	-	1.9	100
Trinité-et-Tobago	7.4	-6.9	.5	7
Tunisie	5.9	-5.9	-	-
Turquie	18.1	-18.0	.1	1
Ouganda	5.4	-	5.4	100
Uruguay	9.2	-9.1	.1	1
Venezuela	42.0	5.5	47.5	113
Viêt-Nam	6.6	-	6.6	100
Yémen du Sud	3.7	-2.0	1.7	46
Yougoslavie	25.2	-19.1	6.1	24
Zambie	8.4	.5	8.9	106
Pays - Total	3,414.0	-290.2	3,123.9	

Total utilisé par les Pays membres	672.3
montant acquis par d'autres pays	382.1
par le Compte général du Fonds	290.2

TABLEAU II

Transaction en DTS - 1er janvier - 31 décembre 1970

Participants	Allocations (jan. 1 1970)	Montant net reçu ou utilisation nette (-)	Disponibilités au 31 décembre 1970	
			Montant	Pourcentage de l'allocation
	(millions de DTS)			
Afghanistan	4.9	-3.0	1.9	39
Afrique du Sud	33.6	5.5	39.1	116
Algérie	12.6	1.5	14.1	112
Allemagne	201.6	56.0	257.6	128
Argentine	58.8	.5	59.3	101
Australie	84.0	6.5	90.5	108
Autriche	29.4	8.8	38.2	130
Belgique	70.9	134.0	204.9	289
Birmanie	8.1	-8.1	-	-
Bolivie	4.9	-2.2	2.7	56
Botswana	.5	-	.5	100
Brésil	58.8	3.5	62.3	106
Burundi	2.5	-.3	2.2	86
Cambodge	3.2	-1.6	1.6	50
Cameroun	3.1	-	3.1	100
Canada	124.3	57.8	182.1	146
Ceylan	13.1	-13.1	-	-
Chili	21.0	.8	21.8	104
Chypre	3.4	.5	3.9	115
Colombie	21.0	-20.9	.1	-
Corée	8.4	1.9	10.3	123
Costa Rica	4.2	-4.0	.2	5
Côte-d'Ivoire	3.2	-	3.2	100
Dahomey	1.7	-	1.7	100
Danemark	27.4	-10.0	17.4	64
Espagne	42.0	1.5	43.5	104
États-Unis	866.9	-16.2	850.7	98
Équateur	4.2	-4.1	.1	3
Finlande	21.0	2.3	23.3	111
France	165.5	6.0	171.4	104
Gabon	1.6	-	1.6	100
Gambie	.8	-	.8	100
Ghana	11.6	-11.6	-	-
Grèce	16.8	-16.8	-	-
Guatemala	4.2	-2.2	2.0	49
Guinée	3.2	-3.0	.2	5
Guinée équatoriale	1.0	-	1.0	100
Guyane	2.5	-2.5	-	-
Haïti	2.5	-2.5	-	-
Haute-Volta	1.7	-	1.7	100
Honduras	3.2	-3.0	.2	6
Inde	126.0	-81.8	44.2	35
Indonésie	34.8	-34.8	-	-
Iran	21.0	-20.0	1.0	5
Irlande	13.4	-	13.4	100
Islande	2.5	-2.0	.5	21
Israël	15.1	-15.1	-	-
Italie	105.0	-28.3	76.7	73
Jamaïque	6.4	-	6.4	100
Japon	121.8	24.5	146.3	120
Jordanie	2.7	-	2.7	100
Kenya	5.4	.4	5.8	108
Laos	1.7	-1.2	.5	30
Lesotho	.5	-.5	-	-
Libéria	3.4	-2.3	1.0	31
Luxembourg	3.2	-	3.2	100
Malaisie	21.0	2.4	23.4	111
Malawi	1.9	-	1.9	100
Mali	2.9	-2.9	-	-
Malte	1.7	-	1.7	100
Maroc	15.1	-14.8	.3	2
Maurice (Île)	2.7	.1	2.6	98
Mauritanie	1.7	-	1.7	100
Mexique	45.4	2.5	47.8	105

TABLEAU I

Achats et rachats de monnaies au Fonds

1er janvier - 31 décembre 1970

(en millions de dollars É-U)

Pays membres	Achats		Rachats	
	Total	Partie en monnaie canadienne	Total	Partie en monnaie canadienne
Afghanistan	4.00	-	4.60	-
Afrique du Sud	125.00	(20.00)	-	-
Birmanie	12.00	-	-	-
Brésil	-	-	75.20	(0.03)
Burundi	2.50	-	0.20	-
Ceylan	9.50	-	27.00	-
Chili	-	-	47.20	(6.61)
Colombie	29.20	(5.00)	72.60	-
Corée	-	-	12.50	(0.01)
Costa Rica	1.80	-	4.00	-
Danemark	25.00	-	25.80	(0.02)
Équateur	10.00	-	6.50	-
Espagne	-	-	3.60	-
États-Unis	150.00	-	-	-
France	485.00	(38.80)	246.20	-
Ghana	2.00	-	24.90	-
Guatemala	-	-	8.40	-
Guinée	4.20	-	-	-
Haïti	-	-	2.80	-
Haute-Volta	0.80	-	-	-
Honduras	6.30	(4.75)	-	-
Inde	-	-	197.00	(15.50)
Indonésie	38.00	-	3.00	-
Iran	16.80	-	-	-
Iraq	27.20	-	-	-
Irlande	40.00	-	-	-
Islande	-	-	7.50	-
Italie	463.00	(75.00)	-	-
Jamaïque	3.80	-	-	-
Laos	0.50	-	-	-
Lesotho	0.60	-	-	-
Libéria	2.00	-	5.20	-
Malawi	1.00	-	-	-
Mali	1.50	-	4.00	-
Maroc	10.00	-	14.20	-
Maurice (Île)	-	-	4.00	-
Nicaragua	10.00	-	13.20	-
Nigéria	8.80	-	-	-
Nouvelle-Zélande	-	-	39.20	-
Pakistan	-	-	28.40	-
Panama	-	-	1.70	-
Pérou	18.00	(8.00)	26.90	-
Philippines	27.50	(4.50)	2.50	-
Rép. arabe unie	17.50	-	9.00	(1.00)
Rép. arabe syrienne	3.00	-	-	-
Rép. arabe du Yémen	0.50	-	-	-
Rép. dominicaine	-	-	5.30	-
Royaume-Uni	150.00	-	338.20	(10.20)
Rwanda	-	-	1.00	-
Salvador	-	-	5.00	-
Sierra Leone	-	-	5.40	-
Somalie	-	-	1.90	-
Soudan	-	-	8.10	(1.60)
Swaziland	1.20	-	-	-
Tchad	3.80	-	-	-
Trinité-et-Tobago	4.80	-	3.80	-
Tunisie	7.50	-	7.40	-
Turquie	75.00	-	27.00	(5.40)
Uruguay	40.30	-	28.10	-
Yougoslavie	-	-	45.30	-
Zambie	-	-	-	(0.02)

Le rôle des taux de change dans le rajustement des paiements internationaux: Rapport des administrateurs;
Partie I - Révision et analyse;
Partie II - Répercussions sur la politique à suivre (éditions anglaise, française et espagnole)

Schedule of Par Values, 48e édition, 5 janvier 1970, 49e édition, 17 août 1970, 50e édition, 15 octobre 1970.

Selected Decisions of the Executive Directors and Selected Documents, 4e édition

Staff Papers, volume XVII, nos 1, 2 et 3

Staff Papers Index, volumes I-XVI (1950-69)

The Stand-By Arrangements of the International Monetary Fund

Compte rendu sommaire de la Réunion annuelle, 1970

Survey of African Economies: Vol. 2: Kenya, Tanzanie, Ouganda, et la Somalie (édition française)

Vol. 3: Dahomey, Côte-d'Ivoire, Mauritanie, Niger, Sénégal, Togo, Haute-Volta, (édition anglaise)

Vingt et unième rapport annuel sur les restrictions de change, 1970

Pour plus amples renseignements concernant ces publications, s'adresser à:

The Secretary,
International Monetary Fund,
19th & H Streets N.W.,
Washington, D.C., 20431,
U.S.A.

PUBLICATIONS DU FONDS MONÉTAIRE INTERNATIONAL EN 1970

Rapport annuel des administrateurs pour l'exercice clos le 30 avril 1970 (éditions anglaise, française et espagnole, version abrégée en allemand)

Balance of Payments Yearbook, volume 21, 1964-68 (publié en fascicules mensuels à feuilles mobiles et en un volume relié). Volume 22, 1965-69 (publié partiellement en fascicules mensuels à feuilles mobiles, devant être complété en 1971)

By-Laws, Rules and Regulations, 29e édition, 30 novembre 1970 (édition anglaise, française et espagnole)

Direction of Trade (publication conjointe du Fonds Monétaire International et de la Banque Internationale pour la Reconstruction et le Développement, publication mensuelle avec un sommaire annuel)

Finance et développement (publication trimestrielle du Fonds Monétaire International et de la Banque Internationale pour la Reconstruction et le Développement, édition anglaise, française et espagnole; une édition portugaise est publiée chaque année au Brésil et à partir de septembre 1970, une édition allemande a été publiée et distribuée de Hambourg)

International Financial News Survey (publication hebdomadaire)

International Financial Statistics (publié mensuellement, édition anglaise et éditions anglaise, française et espagnole)

Le Fonds Monétaire International et l'Afrique (édition anglaise et française

Fonds Monétaire International, 1945-1965; Vingt ans de Coopération Monétaire Internationale (publication en trois volumes)

Brochures: N° 8 - Les procès d'assurance cubains et les Statuts du Fonds (édition française)

N° 12 - La réforme du Fonds (éditions française et espagnole)

N° 13 - Les droits de tirage spéciaux (1ère édition, française et espagnole; 2e édition, anglaise avec sous-titres

En septembre 1970, M. Wm. C. Hood, sous-ministre adjoint des Finances, a été nommé Gouverneur suppléant pour le Canada au FMI, remplaçant M. Alan B. Hockin qui avait quitté la Fonction publique. Également, lors de l'élection biennale normale des Administrateurs, M. R. Johnstone, Administrateur élu par le Canada, l'Irlande et la Jamaïque en 1968, a été réélu.

Des détails quant à l'utilisation de la monnaie canadienne dans les transactions du Fonds et le fonctionnement du Compte de tirage spécial sont fournis aux Tableaux I et II respectivement.

marché et la valeur comptable des avoirs du Fonds. De plus, dans les transactions avec le Fonds, cette pratique pourrait exposer les États-membres utilisant ou recevant la monnaie en question à des pertes ou à des bénéfices éventuels lors de la conversion.

Avant 1962, une méthode a été élaborée pour apporter une solution à cette situation. En vertu de cette méthode, qui est maintenant de nouveau observée, le cours utilisé pour l'évaluation des dollars canadiens dans les transactions est la moyenne entre le cours vendeur et le cours acheteur le jour précédant la date effective de la transaction. Les avoirs du Fonds en monnaie canadienne sont réévalués à ce même taux à l'occasion de chaque transaction et, de plus, à la fin de chacun des trimestres financiers du Fonds. Il n'est pas nécessaire, cependant, d'effectuer des paiements de rajustement d'évaluation trimestriels, sauf à la fin de chaque année financière si la valeur sur le marché a varié de moins de 5 p. 100 par rapport au taux du dernier règlement. En vertu de cette méthode, le Canada a reçu en 1970 un règlement de $17.8 millions de dollars canadiens pour la période de trois mois close le 31 juillet 1970, et, en fin d'année, le compte des rajustements d'évaluation comportait un montant de 1,291,059 dollars canadiens en faveur du Canada.

Les avoirs du Fonds en dollars canadiens ont augmenté de 193 millions de dollars en 1970. Compte tenu du paiement de $270 millions effectué par le Canada à la suite de l'augmentation de la quote-part du Canada, et du prêt consenti par le Canada au FMI en vertu des Accords généraux d'emprunt d'un montant de $24.5 millions, l'utilisation nette de dollars canadiens dans les tirages du Fonds s'est élevée à $101 millions au cours de l'année. Le prêt au titre des Accords généraux d'emprunt a été consenti à la suite d'un tirage important sur le FMI effectué par la France et a augmenté la dette globale du FMI envers le Canada en vertu des Accords généraux d'emprunt la portant au niveau de 120 millions de dollars.

À compter du 29 décembre 1970, la quote-part du Canada a été accrue passant de $740 millions à 1 milliard 100 millions de dollars, ce qui nécessite un paiement en or au FMI de $90 millions et des paiements en monnaie canadienne d'une valeur de $270 millions, principalement en la forme de billets de banque, non négociables, ne portant pas intérêt, du gouvernement du Canada. Le Canada reste le pays dont la quote-part se classe au sixième rang; sa quote-part est maintenant dépassée seulement par celles des États-Unis, du Royaume-Uni, de l'Allemagne, de la France et du Japon.

Également pendant l'année 1970, le Conseil d'Administration du FMI a rendu public un rapport adressé au Conseil des Gouverneurs intitulé "Le rôle des taux de change dans le rajustement des paiements internationaux". Ce rapport a exprimé l'opinion que le système de Bretton Woods avait en général bien servi la communauté internationale et que des modifications radicales du système des parités n'étaient pas souhaitables. Il indiquait, cependant, que de nouvelles études pourraient se justifier, et il a entrepris de poursuivre ses études à l'égard de trois propositions précises: des fourchettes un peu plus étendues, un rajustement plus rapide des parités et des taux flottants transitoires.

Le 31 octobre 1970, les augmentations générales et spéciales des quotes-parts des États-membres, négociées à la suite de la Cinquième révision quinquennale des quotes-parts, sont entrées en vigueur. Cela a eu pour effet que le niveau de l'ensemble des quotes-parts des États-membres à la fin de 1970 avait augmenté d'environ 7 milliards de dollars passant au niveau de 28 milliards de dollars.

3. Relations du FMI avec le Canada

Le 31 mai 1970, le Gouvernement du Canada a notifié au FMI son intention de cesser d'acheter une quantité suffisante de dollars É.-U. pour empêcher le cours du change du dollar canadien de dépasser la marge d'un pour cent de part et d'autre de la parité prévue à l'Article IV, section 3 des Statuts. De plus, le Gouvernement a manifesté son intention de rester en consultation étroite avec le FMI à ce sujet et de s'acquitter de nouveau de ses obligations en vertu des Statuts dès que les circonstances le permettraient.

Ultérieurement, des fonctionnaires du FMI, dans le cadre de ces consultations, ont fait de brefs séjours à Ottawa en juin et en octobre 1970. Au cours de ces visites, ils ont procédé à un échange de vues avec les autorités canadiennes sur la politique du Canada en matière du taux de change et sur l'évolution et les politiques économiques connexes. De plus, en avril 1970, les consultations normales au titre de l'Article VIII des Statuts entre des représentants du FMI et les autorités canadiennes ont eu lieu à Ottawa.

À la suite de la déclaration du 31 mai, la question de la réévaluation du dollar canadien a été soulevée dans les transactions et les calculs du Fonds. Les avoirs sont normalement évalués, et les transactions calculées, à la valeur au pair de la monnaie intéressée, mais, quand une monnaie n'a pas une parité réelle, l'utilisation d'une valeur périmée ne serait manifestement pas appropriée et pourrait entraîner des différences importantes entre la valeur sur le

s'élevait à 4.5 milliards de dollars et les avoirs en monnaies des États-membres à plus de 24.5 milliards de dollars, y compris en plus 550 millions en dollars canadiens, l'équivalent de 51 p. 100 de la quote-part du Canada qui est de 1,100 millions de dollars.

Pendant l'année 1970, 42 États-membres en tout ont obtenu l'appui du Fonds. Les tirages effectués par les États-membres pendant l'année en question ont totalisé 1,839 millions de dollars et, à la fin de l'année, 172 millions de dollars restaient disponibles mais non encore tirés en vertu des accords "stand-by" en vigueur.

2. Aspects caractéristiques de 1970

Le 1er janvier 1970, la première allocation de droits de tirage spéciaux aux 104 États-membres participant au Compte de tirage spécial a eu lieu. Les 3,414 millions d'unités de ce nouvel actif de réserve fiduciaire mis en jeu dans cette allocation représentaient la première tranche d'un total de 9,500 millions de dollars de droits de tirage spéciaux à créer pendant la période initiale de trois ans se terminant le 31 décembre 1972. Pendant l'année 1970, on a fait un usage considérable de ce nouvel actif. Les transactions totales mettant en jeu des droits de tirage spéciaux se sont élevées à 672 millions d'unités, le Compte général du FMI acquérant environ 290 millions de droits de tirage spéciaux et les États participants le reste. Parmi ces derniers, le Canada a représenté environ 58 millions de droits de tirage spéciaux, portant notre total d'avoirs en droits de tirage spéciaux à un niveau dépassant de 46 p. 100 les 124 millions de droits de tirage spéciaux alloués au Canada le 1er janvier 1970, ce qui a représenté l'une des augmentations les plus élevées en pourcentage des avoirs en droits de tirage spéciaux pendant 1970 obtenues par n'importe quel État participant.

Les modifications apportées aux Statuts du FMI qui sont entrées en vigueur au milieu de l'année 1969 prévoyaient une rémunération statutaire sur les positions créditrices à un taux de 1½ p. 100 par an et les paiements résultants effectués au cours de 1970 par le FMI au titre des positions créditrices pour l'année financière 1970 se sont élevés à 27 millions de dollars, le Canada recevant environ 2 millions de dollars. En plus, le Conseil des Gouverneurs du FMI lors de sa réunion annuelle à Copenhague en septembre 1970, a convenu d'une répartition de revenu net ce qui porterait le taux global de rendement sur les positions créditrices pendant l'année financière close le 30 avril 1970 à un taux uniforme de 2 p. 100. Il en est résulté que le Canada a reçu une tranche supplémentaire d'un (1) million de dollars, sur une répartition totale de 17.5 millions de dollars.

LE FONDS MONÉTAIRE INTERNATIONAL

1. Documentation d'ordre général

Les activités du Fonds Monétaire International tendent à faciliter l'expansion et la croissance harmonieuse du commerce mondial comme moyen d'élever les niveaux de vie et de favoriser le développement économique. Ses membres souscrivent à un système de taux de change convenus et à l'élimination finale des restrictions en matière de change. Le Fonds a un actif disponible pour des prêts à court et à moyen termes aux États-membres qui ont des difficultés provisoires en matière de balance des paiements. Finalement, il constitue un centre de coopération internationale et une source de consultation et d'assistance technique pour les pays participants.

Les États-membres du Fonds qui prévoient un besoin d'aide financière en provenance de l'organisme ont le choix entre une ou deux solutions. En premier lieu, ils peuvent prendre des dispositions en vue de l'achat au Fonds de monnaies d'autres pays en échange de leur propre monnaie, transaction qui, dans sa totalité, entre en vigueur immédiatement. Par ailleurs, ils peuvent convenir avec le Fonds d'un accord de crédit "stand-by" qui dans le cadre de politiques appropriées de l'État-membre, garantit l'accès de l'État-membre intéressé, en cas de besoin et pendant une période déterminée, aux ressources du Fonds jusqu'à une limite stipulée. Dans les deux cas, les monnaies obtenues par le Fonds en provenance des États-membres effectuant des tirages en monnaie d'autres pays doivent être rachetées par ces pays, en utilisant de l'or ou des monnaies convertibles, dans un délai ne dépassant pas cinq ans à partir de la date du tirage. De plus, depuis le 1er janvier 1970, les membres du FMI participant au Compte de tirage spécial peuvent utiliser des droits de tirage spéciaux (DTS) dans des transactions effectuées avec le FMI ou avec d'autres participants comme un moyen d'effectuer des paiements ou d'obtenir des monnaies étrangères.

Le 31 décembre 1970, les ressources totales du Fonds avaient presque atteint le niveau de 30 milliards de dollars. En même temps, la dette du Fonds envers les États-membres s'élevait à $735 millions, dont la plus grande partie représente des prêts au FMI et, en cas de besoin, plus de 5 milliards de dollars restaient à la disposition du FMI, en vertu des Accords généraux d'emprunt. L'encaisse-or du Fonds

AVANT-PROPOS

Le présent rapport contient une récapitulation des opérations effectuées pendant l'année 1970 par les Institutions de Bretton Woods: le Fonds Monétaire International (FMI) et le Groupe de la Banque mondiale qui comprend La Banque Internationale pour la Reconstruction et le Développement (BIRD), l'Association Internationale de Développement (IDA) et la Société Financière Internationale (SFI).

Le FMI (le Fonds) et la BIRD (la Banque) ont été créés en 1944 lors de la Conférence de Bretton Woods et la participation du Canada à ces institutions a été autorisée en vertu de la Loi de 1945 sur les Accords de Bretton Woods. La SFI a été fondée en 1956 à titre de filiale de la BIRD en vertu d'un Statut distinct auquel le Canada a souscrit et la participation du Canada à l'Association Internationale de Développement a été autorisée en vertu de la Loi sur l'Association Internationale de Développement de 1960.

Ces institutions sont étroitement liées ensemble. L'affiliation au Fonds est une condition préalable de l'affiliation à la Banque et l'affiliation à la Banque une condition préalable de l'affiliation à l'IDA et à la SFI. Le FMI est chargé de favoriser la stabilité et la coopération financières internationales et se préoccupe ainsi des questions de change et du fonctionnement du système de la balance des paiements. La BIRD, d'autre part, concentre son attention sur le développement économique, particulièrement le financement du développement; l'IDA et la SFI fournissent des services spécialisés de financement que n'offre pas la BIRD. La coopération entre ces organisations est facilitée par le fait que leurs sièges sont situés dans le même complexe de bureaux à Washington, D.C.

En tant qu'organismes spécialisés des Nations Unies, le Fonds et la Banque font rapport chaque année au Conseil économique et social (ECOSOC) et le Président de la Banque et le Directeur général du Fonds sont membres du Conseil consultatif inter-agences de l'ONU et du Comité administratif de coordination de l'ONU.

Le Fonds, comme le Groupe de la Banque mondiale, utilise le dollar É.-U. comme unité de compte de base et les chiffres mentionnés en dollars tout au long du rapport sont donc exprimés en monnaie des États-Unis, sauf indication contraire.

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effectuées en vertu de

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Année civile 1970



Department of Finance
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Fonds Monétaire International
Banque Mondiale
Association Internationale de Développement
Société Financière Internationale

L'hon. E.J. BENSON
Ministre des Finances

BINDING SECT. OCT 14 1981